



Nathaniel Lichfield  
& Partners

Planning. Design. Economics.



Royal Borough of Kingston upon  
Thames  
**Economic Analysis Study**

Final Report

May 2014





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Royal Borough of Kingston upon Thames

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## Executive Summary

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This Economic Analysis Study has been prepared by Nathaniel Lichfield & Partners (NLP) on behalf of The Royal Borough of Kingston upon Thames (RBK). It is intended to provide an analytical framework to inform the Council's review of the Kingston Town Centre Area Action Plan, subsequent review of the Core Strategy and to assist the implementation of the Borough's employment development proposals.

The study provides current information on the existing employment sites and premises, and assesses future space needs for B class employment uses (offices, industry and warehousing) under a range of different growth scenarios. It also considers the current and future balance of demand and supply for employment land in the Borough, and appropriate policy approaches in relation to employment space for the Kingston Town Centre Area Action Plan and forthcoming review of the Core Strategy.

The key findings of the study are as follows:

- 1 Kingston has recorded reasonable job growth over the last 16 years (14%), underperforming the Greater London average but similar to the national trend. Declining industrial employment over this period has been offset by office job growth. Key sectors include admin and support, retail, education and professional services while job losses have been recorded in manufacturing, communications, public admin and financial services.
- 2 The Borough's business base is dominated by SME's with average levels of business start-up and relatively low self-employment. Workforce productivity (measured by GVA) lags behind regional and national averages, with many of the Borough's highly skilled residents commuting out of Kingston for higher paid employment elsewhere. Kingston's businesses tend to be concentrated in and around the key town and district centres of Kingston, Surbiton, New Malden and Tolworth.
- 3 Kingston's employment space is dominated by commercial office and distribution uses. The Borough has one of the largest stocks of commercial office space in the sub-region, although this has eroded away in recent years. Office space tends to be concentrated within and surrounding the key town and district centres and rail routes, while industrial space is distributed across a number of the Borough's SILs and LSISs to the north and south of the Borough. The Borough has seen minimal amounts of new development over the last 11 years, with notable losses of office space and the recent introduction of PD rights accelerating this trend over recent months.
- 4 The Borough's office market is characterised by steady demand largely driven by local firms wishing to expand or upgrade and focused upon Kingston Town Centre. A notable lack of new office development in recent years coupled with a gradually eroding stock has significantly constrained Kingston's supply of office accommodation. There is

currently limited provision of workspace for small and start-up businesses, with scope to expand this type of accommodation given the SME profile of Kingston's business base and presence of two major higher/further education institutions generating a continuous stream of spin-outs and start-ups.

- 5 Kingston is perceived as a reasonable industrial location characterised by a good level of demand, low levels of vacancy and a very limited supply of industrial accommodation (particularly modern, good quality space). The majority of existing industrial sites lack the capacity to accommodate further development and local commercial agents report being unable to satisfy demand for small scale industrial space in Kingston. This points to a need for new industrial development alongside the redevelopment of older less efficient sites.
- 6 An assessment of the Borough's employment sites undertaken as part of this study indicates that Kingston contains a reasonable range of employment sites of differing quality and type. The majority of sites accommodated a combination of both office (B1a/b) and industrial (B1c/B2/B8) uses, although some specific, single use sites were also evident. The overall quality of existing employment sites appeared adequate to meet future needs with all sites of at least average quality.
- 7 Four different scenarios of future employment space requirements have been considered for the period to 2031, based on a number of approaches which reflect economic growth forecasts, past development trends and potential population growth/housing supply factors. The majority of these reflect assumptions of higher future economic growth in Kingston than the Borough has achieved in the recent past. The overall gross space requirements related to these different scenarios range from 31,160sq.m to 234,220sq.m of all types of employment space to 2031, implying in broad terms a need for between -2.3ha and 40.1ha of employment land.
- 8 Recognising the Borough's spatial constraints and development pressures but also within the context of the NPPF requirement to plan positively for growth, the Council should plan to accommodate at least the labour supply based requirement (14.8ha), to ensure that the Borough's indigenous growth potential is not constrained by lack of spatial capacity in future. It would also be advisable to aim some way towards the higher growth trajectory implied by the Experian employment projections which provide an opportunity to deliver a step-change in the way that the Borough plans for, captures and pro-actively stimulates local economic growth.
- 9 Kingston has insufficient employment floorspace in quantitative terms to meet future needs for office and industrial uses up to 2031 under the majority of future growth scenarios considered. The starting point for planning policy therefore is that additional space will need to be identified if business needs are to be met within Kingston over the plan period.

- 10 The pattern of demand for both offices and industrial varies significantly across the Borough's key centres and the Council should be realistic in terms of planning how future growth can be accommodated spatially. In the short to medium term, this will inevitably be driven by the comparative commercial viability for the private sector to bring forward new development and the capacity of existing sites to accommodate additional growth/expansion. Over the longer term, there may be scope to identify new allocations, sites and opportunity areas, potentially as part of wider programmes of regeneration across the Borough's Key Areas of Change including Kingston Town Centre and Tolworth.
- 11 The ability of Kingston's centres to attract significant new office occupiers is likely to be less strong in the future than in the past and the scale of ambition should be relatively modest at least over the short to medium term. The requirement for office space in future will also be for better quality, modern space and to cater for small and start-up businesses. The key challenge the Council must therefore seek to manage is the shift from older, outdated space to providing new space which meets modern business needs, and supports other Core Strategy objectives such as the role of Kingston town centre as a Metropolitan Centre.
- 12 Reflecting the Borough's indigenous business base and market views on the types of occupiers likely to locate in Kingston in future, provision of flexible enterprise centre style schemes with small/medium sized units could be the focus for new office-based development in Kingston in the future. This could take the form of a commercially run managed workspace style centre or a more informal, community or social enterprise orientated workspace. Any such provision should build on existing networks in the Borough as well as the presence of the University and College and the flow of graduates that they support. In planning policy terms, the Council should consider being more selective about which office sites and broad locations to safeguard against future losses, prioritising those with the greatest appeal to businesses and potential to accommodate (re)development in future. This would help strengthen the Core Strategy Policies and simplify the management and monitoring of the policies over the plan period.
- 13 Kingston is perceived as a reasonable industrial location and although it is unlikely to be a major industrial location in future, small scale workshop and warehousing space will continue to play an important role in supporting the Borough's local business base and providing locally-based services for the Borough's residents. It is recommended that the Council continue to adopt a restrictive policy approach to protecting existing industrial land in the Borough (i.e. SILs and LSISs), particularly given that the majority of existing industrial sites do not have the capacity to accommodate further development or expansion to any significant extent. The focus should also be on improving the existing supply of more modern, small to medium sized industrial units which could possibly be achieved through redevelopment, subdivision and refurbishment of existing units on industrial estates.





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- Appendix 8 Business Survey Quotes



## 1.0 Introduction

1.1 The Royal Borough of Kingston upon Thames (RBK) commissioned Nathaniel Lichfield & Partners (NLP) to undertake an Economic Analysis Study of the Borough. It is intended to provide an analytical framework to inform the Council's review of the Kingston Town Centre Area Action Plan, subsequent review of the Core Strategy and to assist the implementation of the Borough's employment development proposals.

1.2 The study takes account of relevant guidance from the South East England Planning Partnership Board (SEEPB)<sup>1</sup> and ODPM<sup>2</sup> (now CLG), and has regard to the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). The study involves three main stages:

- **Stage 1: Taking Stock of the Existing Situation:** analysis of the economic strengths and weaknesses of the local economy, functional economic area, and an assessment of the fitness for purpose of a portfolio of designated employment sites.
- **Stage 2: Assessing Future Requirements:** testing the implications of different population/household growth scenarios on future employment space requirements for the Borough, including latest economic forecasts and housing targets.
- **Stage 3: Identifying a Site Portfolio:** analysing the suitability and deliverability of sites available to meet future needs under each growth scenario, which sites should be retained for employment uses and which released for alternative uses, and any need for additional sites.

## Scope of Study

1.3 The purpose of the Economic Analysis Study is to provide an updated evidence base report on the future growth potential of the Borough's economy to inform a future review of the Core Strategy and the Kingston Town Centre Area Action Plan (K+20). This is based on considering a range of scenarios for how the Kingston economy could change in the future.

1.4 Following from this analysis, the land and floorspace implications are specifically considered for the group of B-class sectors outlined below:

- **B1 Business** (offices, research & development, light industry);
- **B2 General Industrial;** and
- **B8 Storage or Distribution** (wholesale warehouses, distribution centres).

1.5 Demand for B-class employment land and floorspace is considered in this report, and references to "employment space" are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

- 1.6 The study also considers future projections for growth in non B-class sectors to set out how the overall economy of the area could change in the future, although does not specifically assess the space implications of these other sectors because they are planned for using different methodologies and considered by other forms of technical evidence (e.g. retail assessment).
- 1.7 It should be noted that there are a variety of factors and drivers to consider when objectively assessing business needs for a local area. This study utilises a combination of both quantitative and qualitative analysis to explore these issues within the context of Kingston upon Thames and synthesises these to draw overarching conclusions and implications.
- 1.8 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by NLP.
- 1.9 As part of the study, consultation was undertaken with a range of stakeholders including commercial agents, economic development and business organisations. A list of consultees is included at Appendix 1.

## Structure of Report

- 1.10 The report is structured as follows:
- **Economic Context** (Section 2.0) – a review of current economic conditions and recent trends in the Borough and its economic strengths and weaknesses that may affect future needs for employment space;
  - **Overview of Employment Space** (Section 3.0) – analysis of the current stock and trends of employment space in the Borough in terms of mix of uses, development rates, gains and losses, age of premises, and provision in adjoining local authority areas;
  - **Kingston Commercial Property Market** (Section 4.0) – a review of the local commercial property market, including the supply of and demand for different types of employment space within the Borough and the needs of different market segments;
  - **Review of Current Employment Sites Portfolio** (Section 5.0) – assessment of the quality of current and potential employment land supply against defined criteria including its attractiveness to the market and its ability to meet future needs;
  - **Future Requirements for B Class Employment Space** (Section 6.0) – estimates future employment space requirements for B Class sectors in quantitative terms, drawing on employment forecasts and other factors;
  - **Demand/Supply Balance** (Section 7.0) – assesses the balance between current land supply and future needs, in both quantitative and qualitative terms, comparing forecast requirements with availability of existing sites;
  - **Overall Conclusions and Policy Implications** (Section 8.0) – considers policy and other measures needed to support the existing site portfolio and maximise economic growth in Kingston.



## 2.0 Economic Context

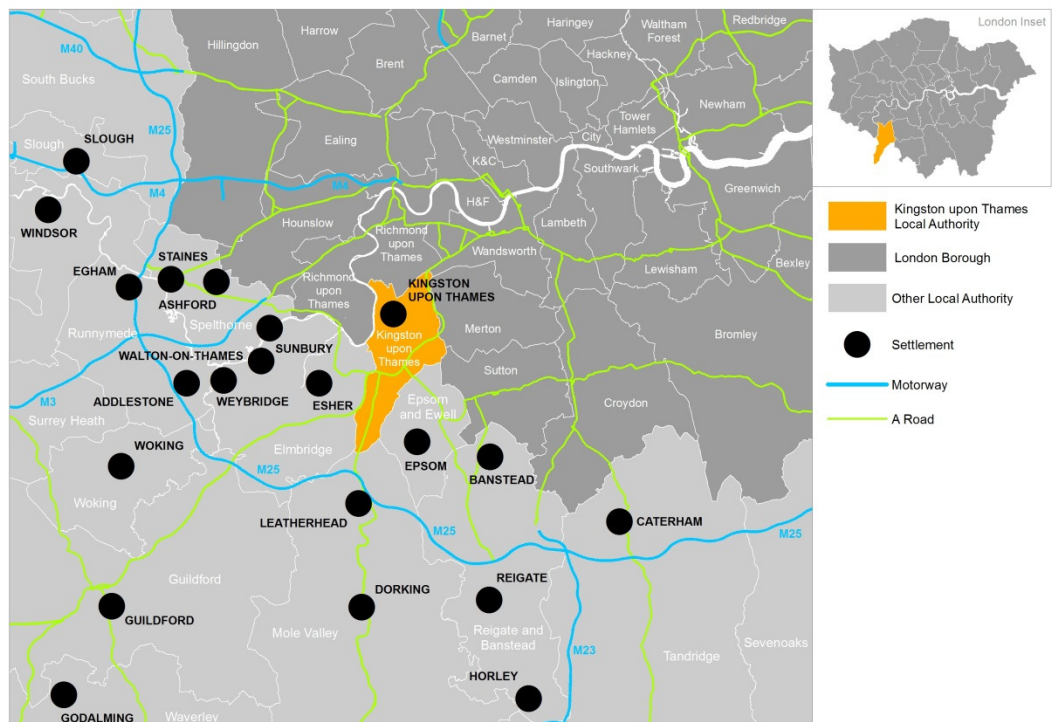
2.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within Kingston, relative to the Greater London region and the national economy. This is important in identifying the existing strengths and weaknesses of the local economy, and the factors likely to influence the nature and level of future demand for employment space.

### Overview

2.2 The Royal Borough of Kingston upon Thames is an Outer London Borough forming part of the South London Sub-Region identified in the London Plan. It borders the London boroughs of Richmond, Wandsworth, Merton and Sutton as well as the Surrey Districts of Epsom and Ewell, Elmbridge and Mole Valley (Figure 2.1). According to the 2011 Census, the Borough’s population stands at 160,100, making it the third smallest London Borough in terms of population. Kingston is also one of the smallest London boroughs in terms of its geographical area, over a third of which is open space, with large areas designated as Metropolitan Open Land (MOL) and Green Belt.

2.3 The Borough’s strategic road network includes the A3 Kingston by-pass, an important east-west route across the Borough. The Borough is also well-served by a number of suburban rail services, with South West Trains services linking Surbiton, Kingston, New Malden and Norbiton with Waterloo.

Figure 2.1 Context of Kingston



- 2.4 Kingston town centre is one of four Metropolitan Centres within South London, which contains the Borough's largest concentration of shopping, employment and leisure provision. In addition, smaller district centres include Surbiton, New Malden and Tolworth, along with a number of local centres and dispersed parades. The London Plan also identifies the Borough as a potential strategic outer London development centre with regards to leisure and tourism and Higher Education, given the strong concentration and sub-regional importance of these activities.

## Economic Conditions and Trends

- 2.5 Current economic conditions and trends in Kingston are summarised below, with comparisons made, where appropriate, with regional and national averages. Data is from published Office for National Statistics (ONS) sources via Nomis unless indicated otherwise.

### Employment

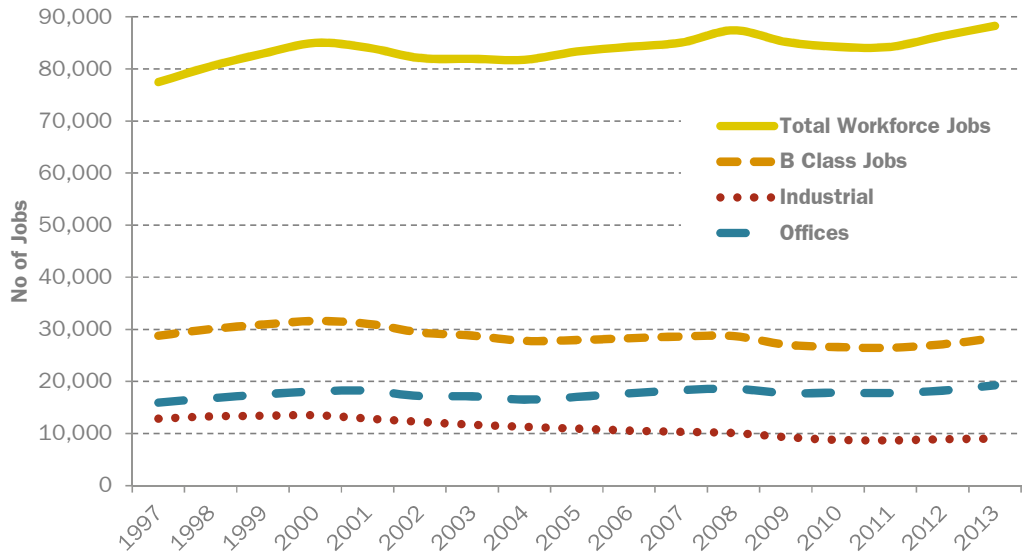
- 2.6 The overall population of Kingston, currently 160,100<sup>1</sup>, grew by some 7% between 2001 and 2011, slightly below the regional (12%) average but similar to the rate of population growth recorded nationally over this period (7%). Kingston recorded 88,270 workforce jobs in 2013<sup>2</sup>, representing an increase of 14% from its 1997 level, underperforming growth across the Greater London region (25%) but similar to the UK average (13%) over this period. In terms of the recession, Kingston recorded a net loss of just over 800 workforce jobs during the period 2007-2010, but has since recorded some employment growth.
- 2.7 The proportion of B class jobs (i.e. offices, industrial and warehousing activities) in the Borough has remained broadly similar over the last 16 years, representing between 31% and 37% of all jobs in Kingston. B class jobs peaked at 31,590 in 2000, and have declined by 3,300 or 10% since then. During this period, office jobs have gradually represented an increasing proportion of all B class jobs while industrial jobs have been in decline (Figure 2.2).

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<sup>1</sup> Census 2011 data

<sup>2</sup> Experian 2013

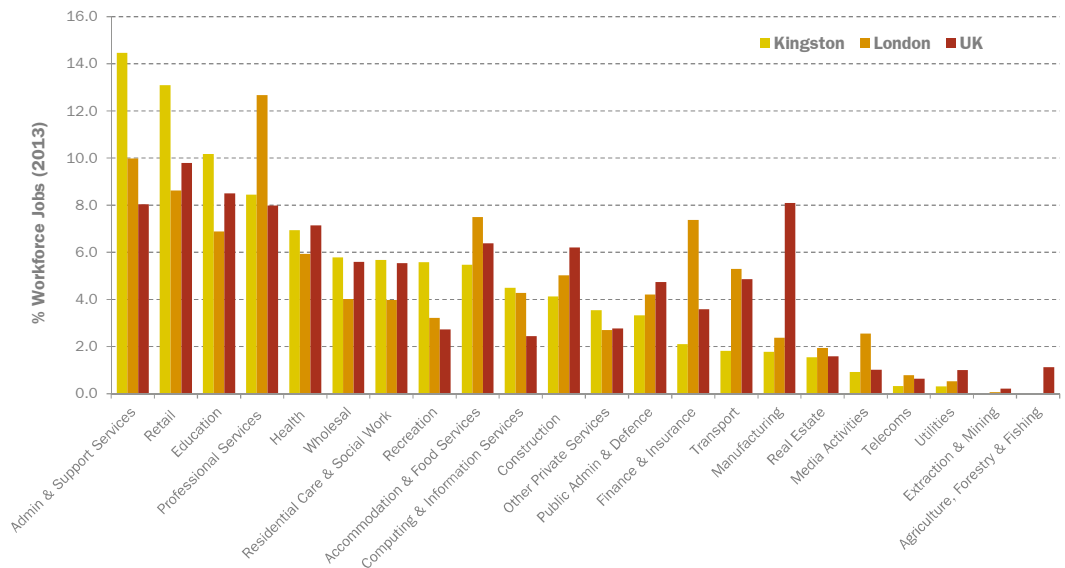
Figure 2.2 Total Workforce and B Class Jobs in Kingston, 1997-2013



Source: Experian 2013 / NLP analysis

2.8 In employment terms, the Borough’s largest sectors in 2013 were admin and support (15%), retail (13%), education (10%) and professional services (8%), with healthcare (7%), wholesale (6%), social care (6%), recreation (6%) and hospitality (6%) sectors also accounting for a significant share of employment (Figure 2.3). The manufacturing, construction and financial services sectors are under-represented compared with the regional and national averages.

Figure 2.3 Main Economic Sectors in Kingston by Share of Employees, 2013

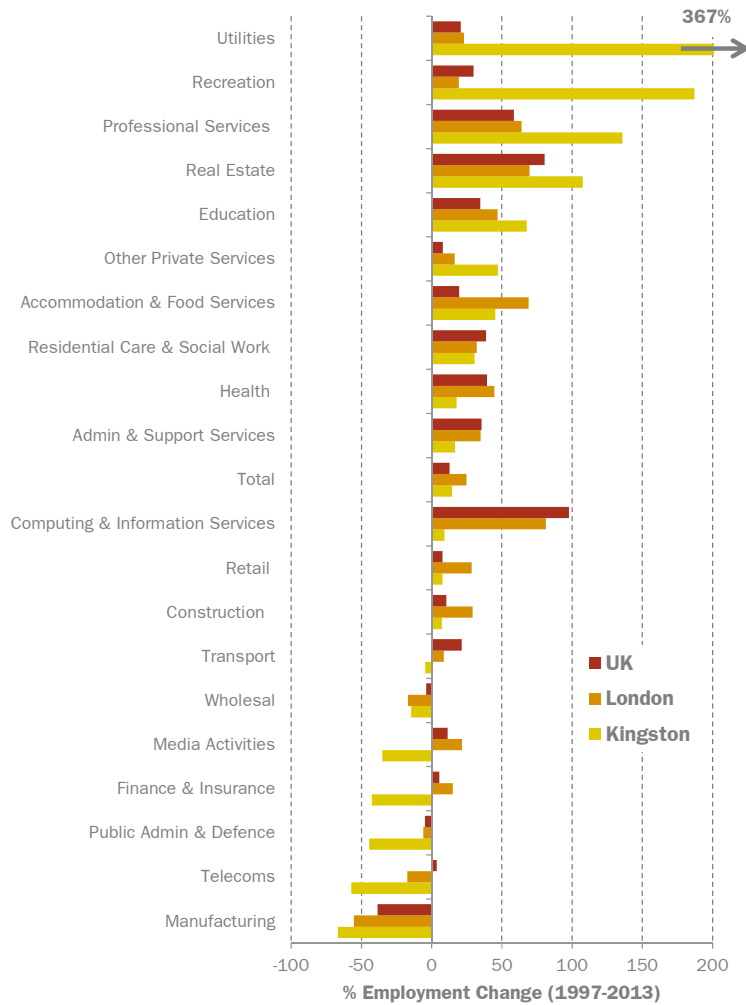


Source: Experian 2013 / NLP analysis

2.9 Over the last 16 years (1997-2013), the largest contributors to job growth in the Borough have been utilities (367% - albeit starting from a low base), recreation (187%), professional services (136%) and real estate (108%), where Kingston outperformed regional and national growth rates. At the same time, the

Borough saw significant job losses in manufacturing, communications, public admin and financial services sectors (Figure 2.4). As noted above, the Borough recorded a loss of around 800 workforce jobs during the recession (2007-2010) although job growth since then has more than made up for these losses.

Figure 2.4 Employment Change in Kingston by Sector, 1997-2013



Source: Experian 2013 / NLP analysis

## Productivity

2.10

Productivity (measured by Gross Value Added (GVA) per worker) within Kingston’s labour force is relatively low compared with regional and national averages as well as the Outer London Borough average. Average GVA generated by workers in Kingston (£40,700) is lower than the majority of adjoining areas with the London Borough of Sutton representing the only adjoining local authority area to fall below the Kingston average (Table 2.1).

Table 2.1 Average GVA per Worker

Location	GVA per Worker
<b>Kingston</b>	<b>£40,700</b>
Richmond	£50,100
Merton	£41,200
Sutton	£39,400
Elmbridge	£47,400
Epsom and Ewell	£46,400
Mole Valley	£48,700
Outer London	£42,300
Greater London	£56,400
UK	£42,100

Source: Experian 2013 / NLP analysis

- 2.11 This reflects the concentration of lower value retail, leisure and hospitality employment within Kingston and indicates significant scope to enhance the Borough's productivity levels and output in future, if more of Kingston's highly skilled residents can be encouraged to work in the Borough.

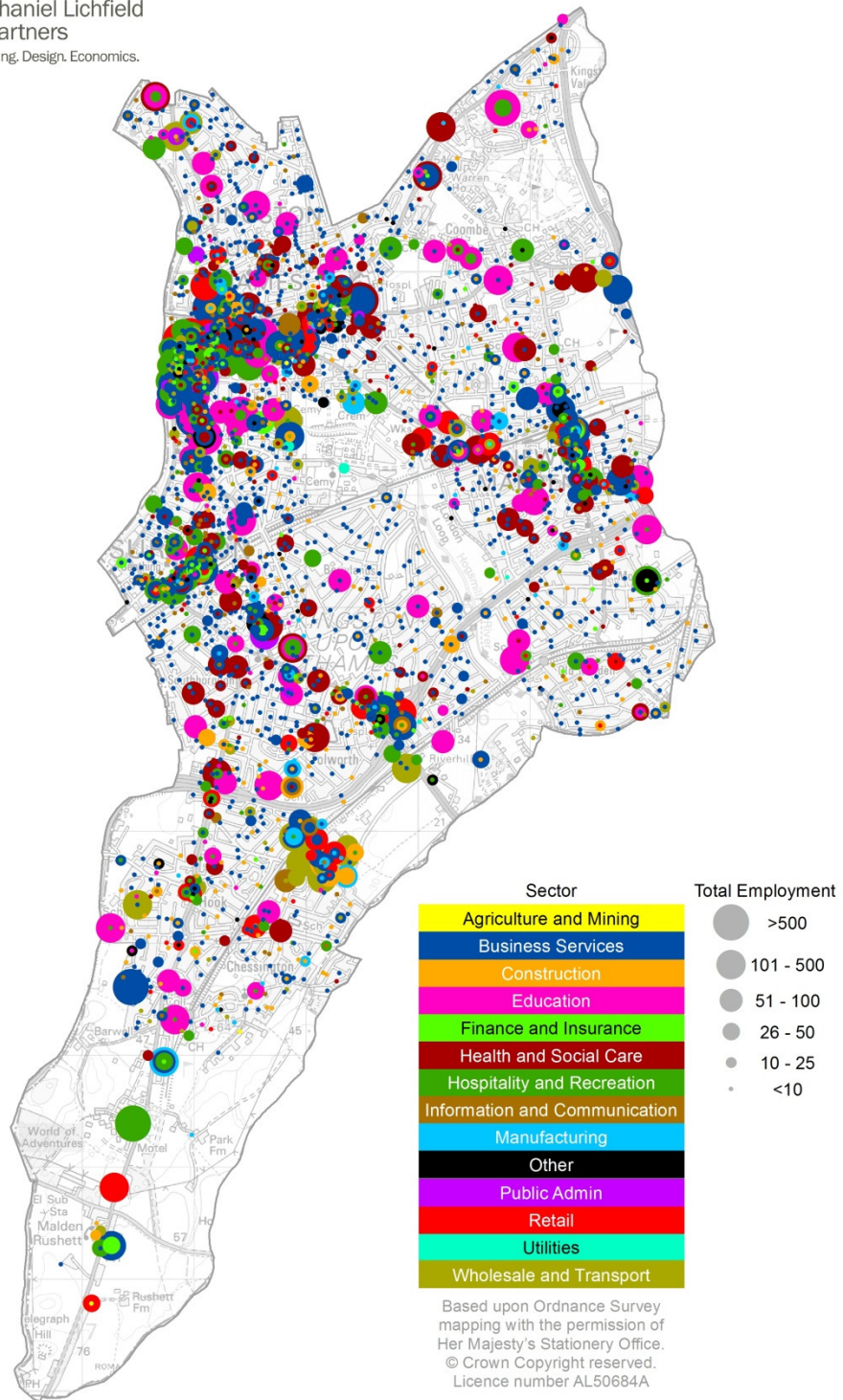
## Business Demography

- 2.12 Looking at the size of businesses in Kingston, the Borough has a higher proportion of small firms with 1-9 employees (80%) than the regional (78%) and national (76%) averages, with relatively few large firms. Analysis of Inter-Departmental Business Register (IDBR) data indicates that Kingston Hospital NHS Trust and Kingston University represent the largest employers in the Borough, with Chessington World of Adventures, John Lewis, Kingston College and Bentalls/Fenwick also employing significant numbers of local workers. Beyond this, the majority of firms employ a relatively low number of people, with more than 5,300 of the Borough's 6,400 firms (equivalent to 83%) recording ten or fewer employees.
- 2.13 Between 2004 and 2010, the number of VAT registered firms in the Borough grew by just under 13%, a similar rate to the Greater London region (12.3%) and above the UK average (6.6%). With 81 new VAT registrations per 10,000 working-age population in 2010, Kingston's rate of new business formation is below the Greater London average (95) but higher than the national equivalent of 58.
- 2.14 Drawing on IDBR data, Figures 2.5 to 2.9 below provide an overview of the spatial distribution of key business clusters within Kingston. Figure 2.5 plots the location of all sectors by scale of employment and indicates the presence of a wide range of business sectors in Kingston but with a particular focus upon the business services, public admin and hospitality sectors, considered in turn below.

Figure 2.5 Spatial Distribution of Employment by Sector

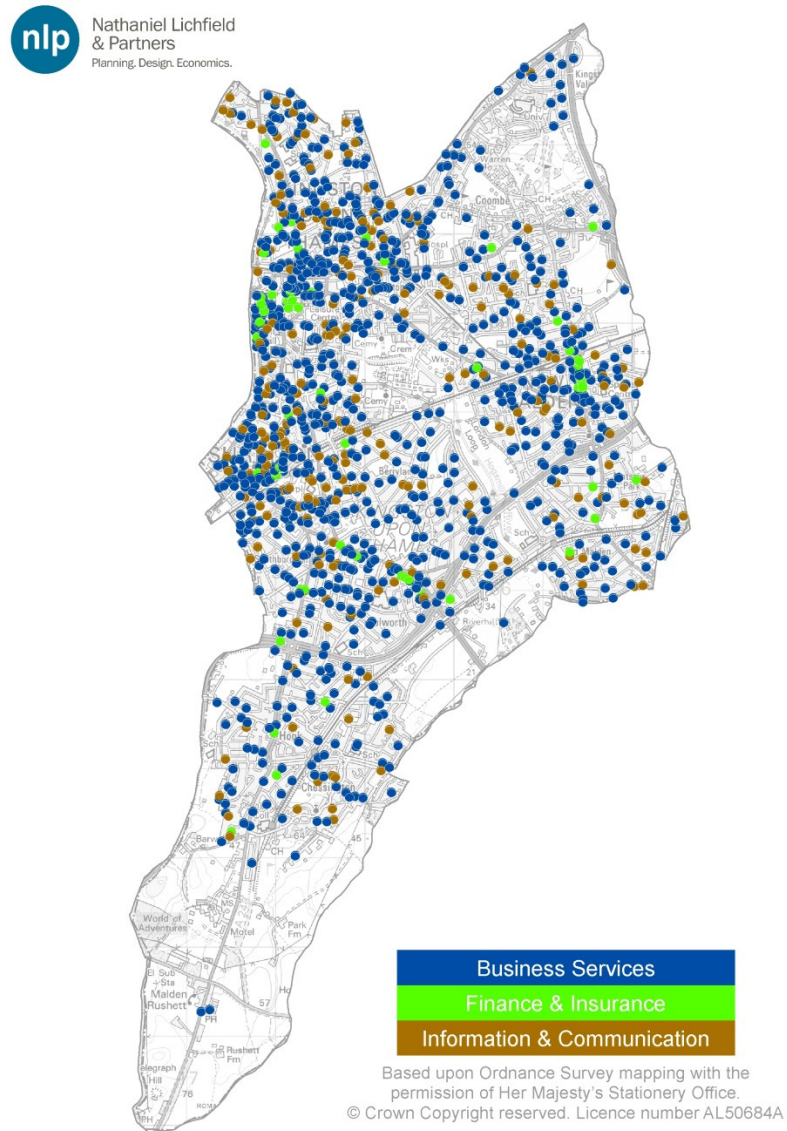


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Source: IDBR/ONS/NLP analysis

Figure 2.6 Spatial Distribution of Business Services Sector in Kingston

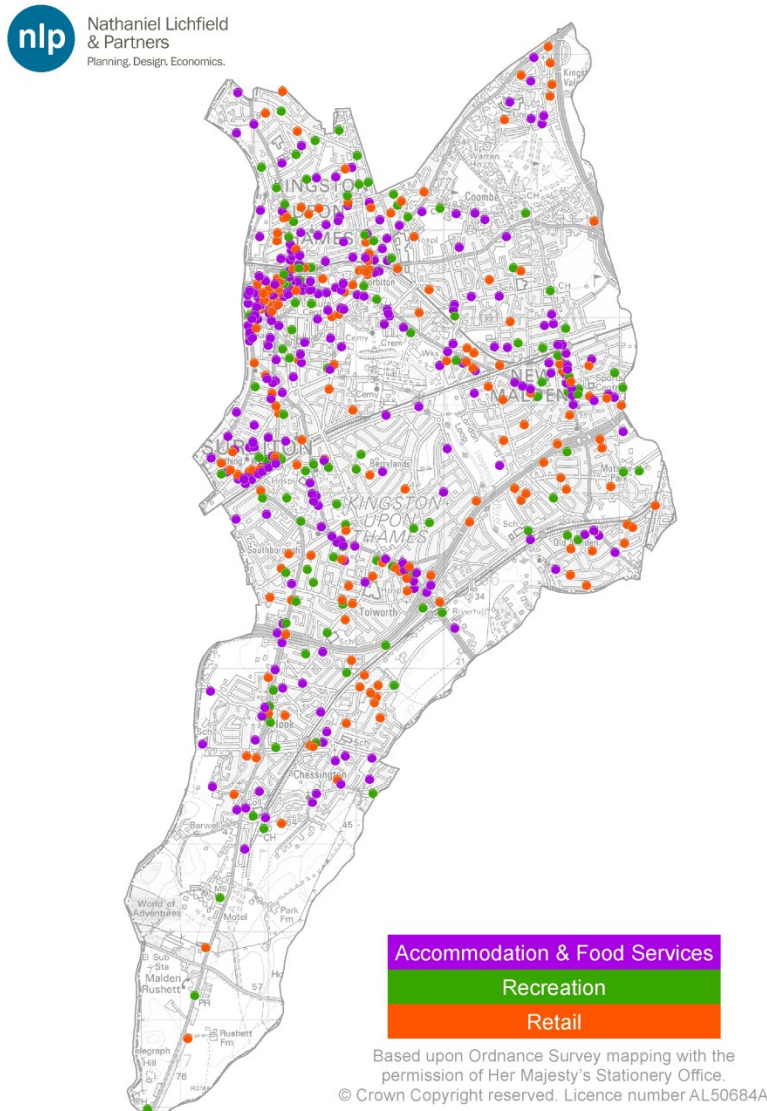


Source: IDBR/ONS/NLP analysis

2.15

Figure 2.6 summarises the broad distribution of business service related firms in Kingston. As might be expected, the majority of these firms tend to be concentrated around the Borough's town and district centres including Surbiton, Kingston and New Malden. The analysis also highlights the prevalence of business services and IT firms across the more residential areas of the Borough, underlining the important role that less formal, traditional workspace plays in accommodating these types of businesses in Kingston. It is also worth noting that compared with other sectors, business services employment tends to be much more dispersed across the Borough, characterised by a larger number of smaller firms, reflecting Kingston's dominant SME base.

Figure 2.7 Spatial Distribution of Hospitality, Recreation and Retail Sectors in Kingston



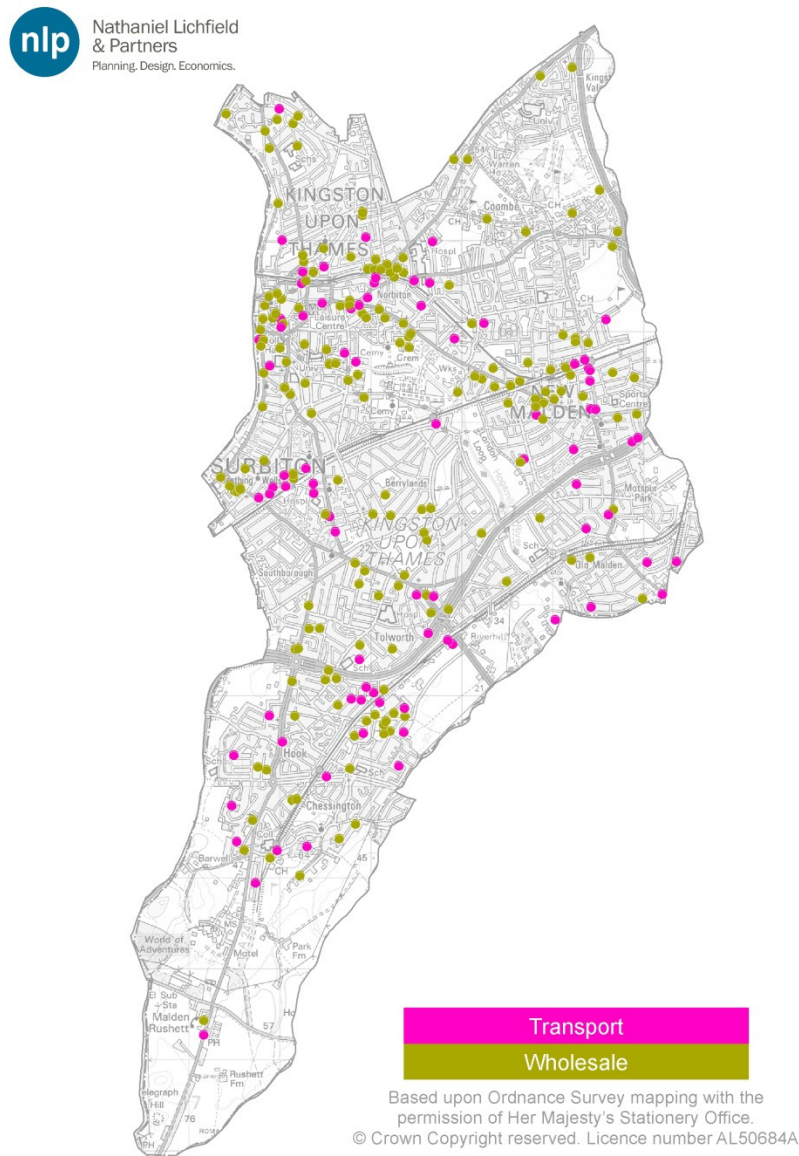
Source: IDBR/ONS/NLP analysis

2.16

Hospitality, recreation and retail represent some of Kingston's most important sectors in employment terms, with the majority of this activity clustered around the key service centre of Kingston town centre, and to a lesser extent Surbiton, New Malden and Tolworth. As shown in Figure 2.7, these firms also tend to be concentrated on or adjoining the Borough's key transport routes such as the A2043, A243 and the Borough's railway stations.



Figure 2.8 Spatial Distribution of Wholesale and Transport Sectors in Kingston

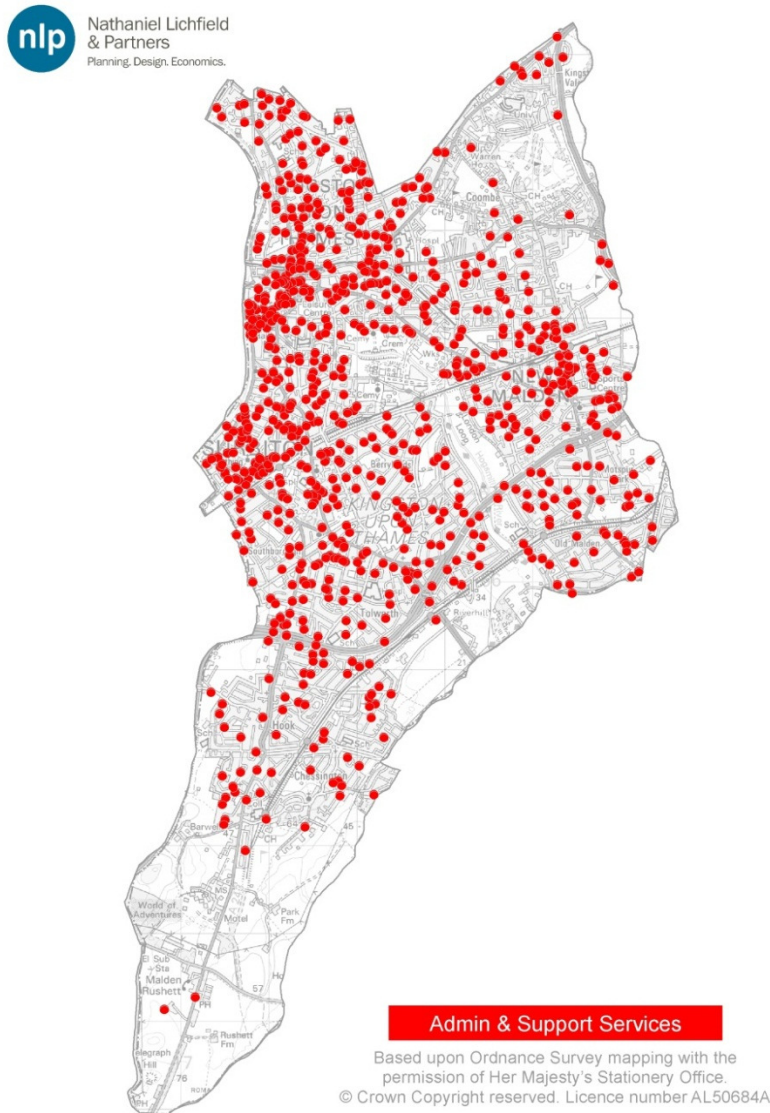


Source: IDBR/ONS/NLP analysis

2.17

Kingston's industrial economy is driven to a large extent by small scale distribution activities that generally serve the local and sub-regional logistics market rather than supporting operations at a strategic (i.e. national or international) scale. Figure 2.8 sets out how this activity is distributed across the Borough. Although the Borough's two SILs (at Chessington and Barwell) represent the focus for much of this activity (benefiting from convenient access to the M25), the analysis also emphasises the importance of the smaller LSISs for accommodating wholesale and transport related firms, including St John's Industrial Area in between Kingston and New Malden, St George's Industrial Estate to the north of the Borough and Silverglade Business Park to the south.

Figure 2.9 Spatial Distribution of Admin & Support Services Sectors in Kingston



Source: IDBR/ONS/NLP analysis

2.18 As set out above, administration and support services represent Kingston's largest sector in employment terms, accounting for around 15% of total employment. Key activities within this sector include business support, travel agency operations, rental and leasing activities, building services, security services and employment agency activity. The spatial distribution of these firms across the Borough largely echoes that of the business services sector (Figure 2.6), with activity concentrated within both urban centres and more residential areas.

### Homeworking and Self Employment

2.19 A relevant metric to potential demand for start-up/small business space is the proportion of the working-age population who identify their home as their primary place of work. Home-based businesses often seek more formalised employment space or access to business support facilities as they grow and

expand. Table 2.2 summarises 2011 Census travel-to-work statistics showing the proportion of working-age population categorised as ‘working mainly at or from home’.

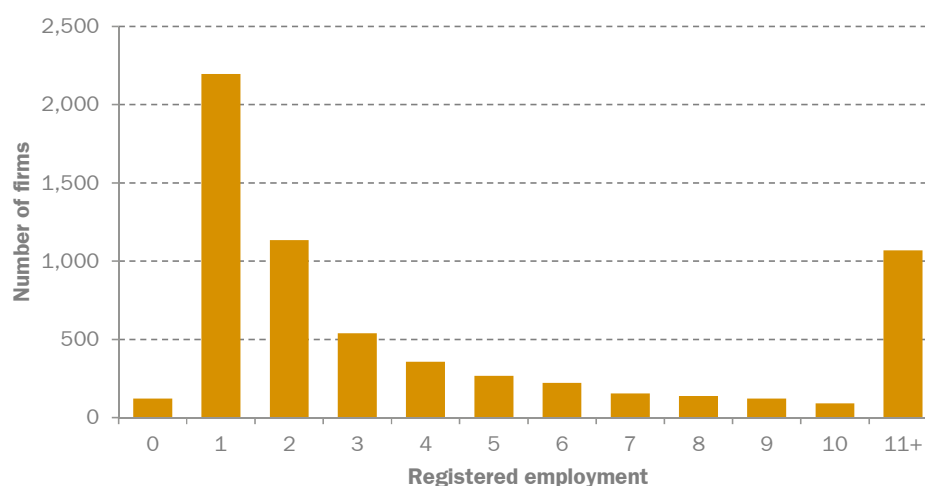
Table 2.2 Proportion of working-age population working mainly at or from home

	2011
Kingston	7.5
London	6.4
England	6.9

Source: 2011 Census travel-to-work statistics

- 2.20 The data indicates that 2011 Census based home-working rates in Kingston are higher than both the regional and national average. This may reflect the fact that Kingston’s business base is dominated by smaller firms (with less than five employees) which may be more suited to working from home than from an established, formal work place. In contrast, Kingston has a lower than average rate of self-employment, with 9.1% of the working-age population falling within this category compared with 11.7% across London and 9.5% nationally in 2013.
- 2.21 A recent report by Enterprise Nation<sup>3</sup> suggests that there are around 2.8 million businesses operating full time from home, representing approximately 60% of the SME business base. These home-based businesses contribute over £280 billion to the UK economy each year, and have increased in scale by around 300,000 businesses over the past 12 months alone (with the recession proving to be a key factor for many start-ups).
- 2.22 Analysis of IDBR data for the Borough highlights the prevalence of sole traders within Kingston. Just under 2,200 of the 6,400 registered firms in Kingston record one employee, equivalent to (34% of all firms (Figure 2.10).

Figure 2.10 Kingston businesses by size (registered employment)



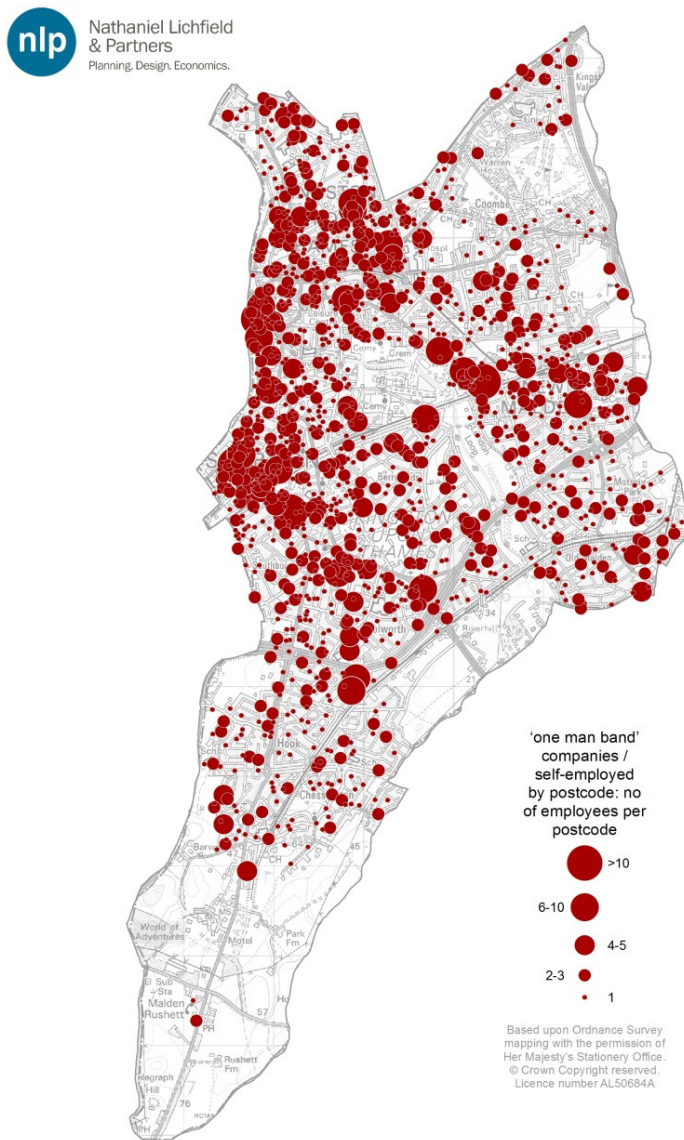
Source: IDBR 2013 / NLP analysis

<sup>3</sup> Enterprise Nation, Home Business Report 2009

2.23 It should be noted that the IDBR data does not record information on all businesses (e.g. those without employees, and with turnover below the VAT threshold) as well as some non-profit organisations, therefore the scale of sole traders in Kingston could be greater than implied by this analysis.

2.24 Figure 2.11 below shows how this concentration of sole traders is distributed across the Borough, based on a postcode analysis of their registered business address. This shows that many 'one man band' businesses operate outside of the Borough's main urban centres and can be found right across Kingston including within the Borough's more residential areas. This not only points to the prevalence of home based working, but also to a broader trend towards less formal patterns of working whereby firms (particularly small firms) choose to operate outside of formal or traditional business space that would typically fall within the B class land use sectors.

Figure 2.11 Spatial distribution of sole traders in Kingston



Source: IDBR 2013 / NLP analysis

- 2.25 The data also indicates that these small companies tend to cluster around the Borough's key arterial routes, transport nodes and hubs of activity (such as District Centres), with notable concentrations evident in and around Surbiton and New Malden District Centres and Kingston Town Centre.
- 2.26 Over half (57%) of the Borough's sole traders are registered as undertaking business services activities, IT (12%) and construction (9%) also accounting for significant proportion of this employment. Within business services, lower value office admin and business support activities represent the most common type of activity amongst Kingston's sole traders, although more knowledge intensive activities such as legal, accounting and consultancy are also prevalent.

### Labour Market

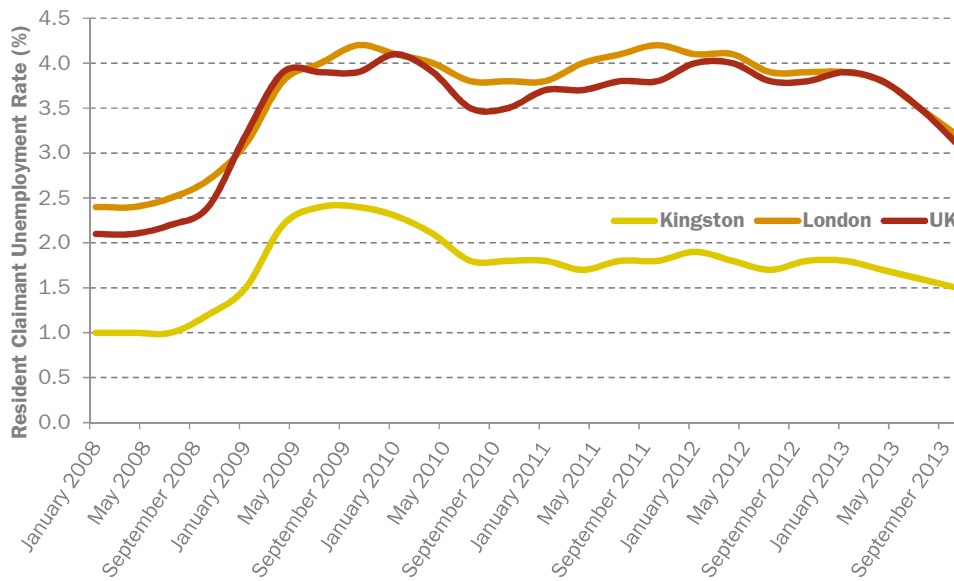
- 2.27 Kingston's economic activity rate, the proportion of working age residents in or seeking employment, at 76.5% is similar to the Greater London (76.4%) and national (77.3%) figures. This indicates limited scope to expand local labour supply from current residents.
- 2.28 The number of resident claimant unemployed has increased by around 50% in Kingston since the start of the recession in early 2008 rising to 1.5% in September 2013. However, its current rate is well below that across the wider London area (3.2%) and country as a whole (3.1%), a pattern that has generally prevailed historically (Figure 2.12). On the wider Annual Population Survey measure<sup>4</sup>, the Borough's unemployment rate is higher at 5.4%, although this also falls below the London (8.9%) and Great Britain equivalent (7.8%). Approximately 3.6% of Kingston's 16-18 year olds were 'Not in Education, Employment or Training' (NEET) in 2012<sup>5</sup>. Whilst this proportion falls below the Greater London average, it indicates that there is scope to support more young people into work in the Borough.

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<sup>4</sup> This records all those searching for work but who are currently unemployed regardless of whether they are claiming job-seekers allowance or not

<sup>5</sup> Department for Education 2013, Local Authority NEET Figures 2012

Figure 2.12 Claimant Unemployment Jan 2008 to Sep 2013

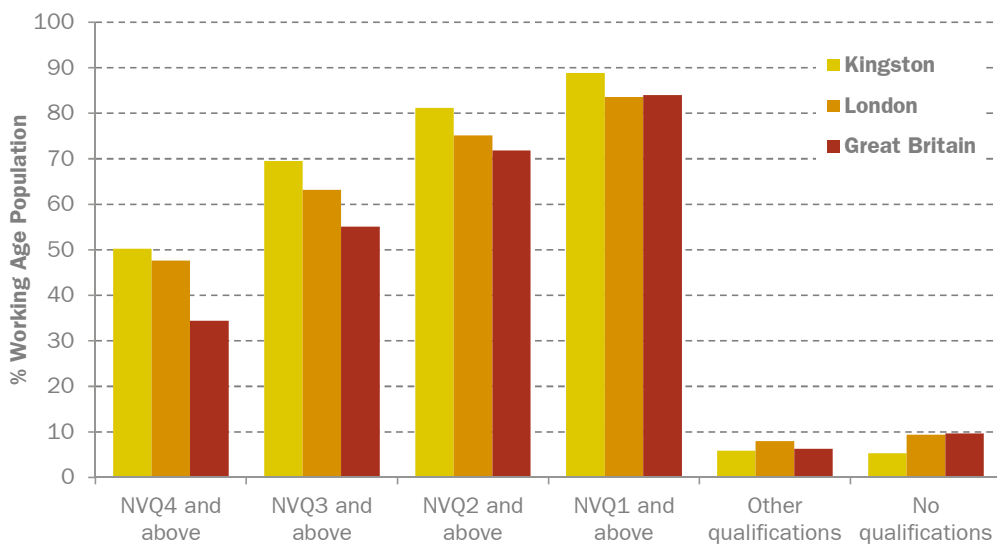


Source: Nomis 2013

2.29

The Borough’s resident workforce has higher than average skill levels when compared to Greater London and the UK as a whole, with a relatively high proportion of graduate level workers (50.2% compared to 47.6% and 34.4% respectively) and a relatively low proportion of working age residents with no qualifications. This provides Kingston with a relatively competitive resident workforce that is well placed to capture opportunities associated with the knowledge economy and higher value economic activity.

Figure 2.13 Resident Skill Levels



Source: Nomis 2013

2.30

The occupation profile of the Borough’s workforce is broadly in line with the Greater London average but with significantly higher proportions of highly skilled occupations (SOC groups 1 to 3) and lower proportions of lower and

unskilled manual workers (SOC groups 8 to 9) than across Great Britain as a whole.

- 2.31 Turning to the types of jobs required in the Borough, the most sought-after occupations amongst claimant unemployed workers are sales & customer service occupations (33%) and lower skilled, elementary occupations (19%). In general, the Borough's profile of job types sought by unemployed residents is similar to the region as a whole.
- 2.32 As Figure 2.14 illustrates, wages for those living in the Borough (resident) are significantly higher than for those people working in the Borough (workplace). Nevertheless, both resident and workplace wages remain above the national average, with Kingston residents also earning more than the average for London as a whole. This indicates that the types of jobs available locally are less well paid than elsewhere in the Capital and that many residents are commuting to higher paid jobs outside of the Borough.
- 2.33 Driven in part by high rates of out-commuting to central London, resident wages in Kingston (at £712 per week) are 13% and 45% higher than the Greater London and national averages respectively. However, those who work in the Borough earn much less, with workplace wages (at £523 per week) 25% below the Greater London regional average (Figure 2.14). This indicates the types of jobs available locally are much less well paid than elsewhere in the wider London area and that many residents are commuting to higher paid jobs outside of the Borough.

Figure 2.14 Mean Gross Weekly Earnings



Source: Annual Survey of Hours and Earnings 2012

- 2.34 Kingston is characterised by generally low levels of deprivation, and is ranked as the 252<sup>nd</sup> most deprived local authority area out of 326 in England, which just places it within the 25% least deprived areas in the country.<sup>6</sup> However,

<sup>6</sup> As measured by the Index of Multiple Deprivation 2010

this Borough-wide profile masks significant variation within Kingston, with long term unemployment and worklessness remaining entrenched in pockets of deprivation across the Borough, such as in parts of Norbiton, Chessington and Hook.

- 2.35 Although the general health of Kingston residents is better than the England average, it is estimated that about 4,500 children live in poverty in the Borough. Furthermore, life expectancy is 5.8 years lower for men and 4.3 years lower for women in the most deprived areas of Kingston upon Thames than in the least deprived areas<sup>7</sup>. Key challenges therefore remain to maintaining prosperity in the Borough.

### Knowledge-based industries

- 2.36 Knowledge-based industries are those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of an economy's competitiveness and future growth prospects.<sup>8</sup>
- 2.37 Some 31% of Kingston's businesses were classified as knowledge-based in 2010, matching the Greater London average and significantly higher than the national (22%) rate.<sup>9</sup> This suggests the Borough is relatively well represented in the types of businesses that are more likely to generate future growth.

### Functional Economic Area

- 2.38 Examining commuting flows can help in defining the functional economic market area of a particular local economy. In 2001, some 55% of Kingston's working residents worked outside the Borough indicating a very high rate of out-commuting. In total, just over 41,400 residents worked elsewhere, predominantly in the London Borough of Westminster (13%), as well as the adjoining Boroughs of Richmond (9%) and Merton (7%) (Figure 2.15).
- 2.39 The scale of out-commuting appears to have increased since the 2001 Census, with 2011 Annual Population Survey data indicating that approximately 59% of the Borough's working residents commute elsewhere for work<sup>10</sup>. Westminster remains the most popular destination for the Borough's out-commuters.

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<sup>7</sup> Department of Health, Kingston upon Thames: Health Profile 2012

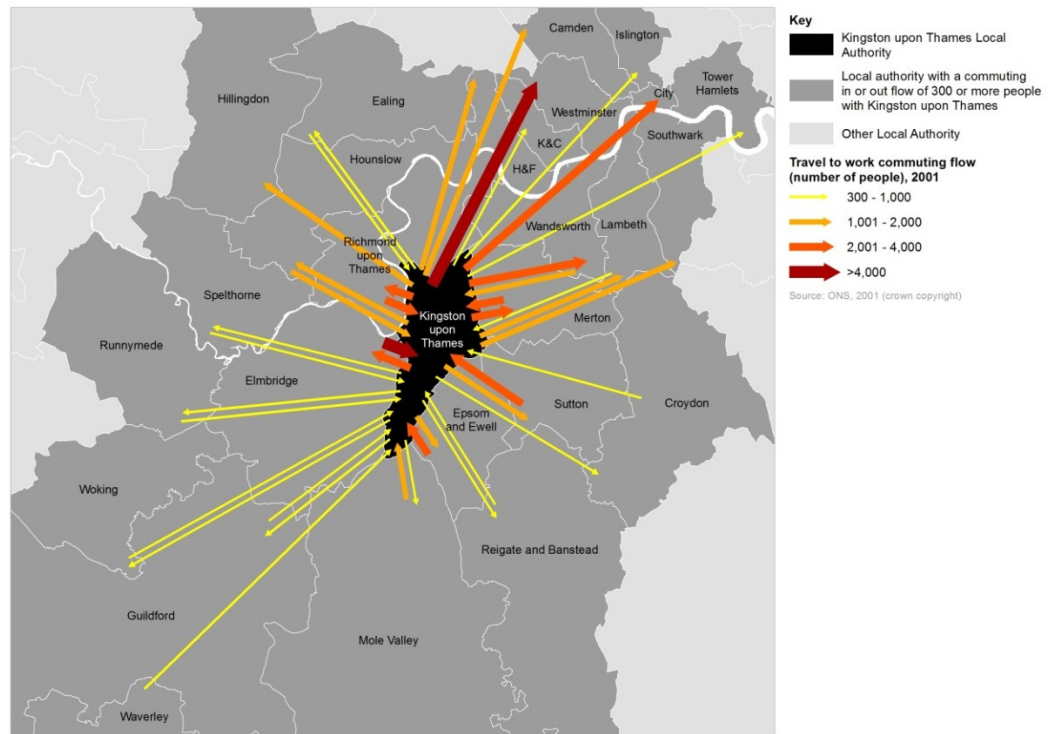
<sup>8</sup> Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high-technology manufacturing such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development.

<sup>9</sup> UK Competitiveness Index, 2010

<sup>10</sup> ONS Area Based Analysis, Commuting Patterns from the Annual Population Survey, Local Authorities, 2011



Figure 2.15 Kingston travel-to-work linkages, 2001



Source: Census 2001

- 2.40 At the same time, approximately 33,000 workers commuted into Kingston, predominantly from the adjoining Borough of Elmbridge, as well as Richmond, Merton and Sutton (Figure 2.15). On this basis, Kingston is a net exporter of labour, with a net outflow in the order of 8,450 residents, some 11% of its resident workforce.
- 2.41 A commonly accepted approach to defining Functional Economic Market Areas is where at least 75% of a Travel to Work Area's economically active residents also work in that area, and of all those working in the area at least 75% also live there.<sup>11</sup> On this basis, Kingston would fall within a wider economic area of Greater London, within which some 86% of the Borough's residents work, but with a strong functional relationship with south/central London in particular.
- 2.42 An analysis of Kingston's resident and workplace earnings (as presented in Figure 2.14) indicates that the nature of commuting flows in and out of Kingston vary significantly in terms of skills and occupation groups. Out-commuting from the Borough is dominated by residents in higher skilled occupation groups, largely working in the capital's commercial centre. Meanwhile, workers commuting into Kingston from nearby authority areas within South West London and Surrey are more likely to occupy lower skilled occupations within the Borough, for example within the retail, leisure and hospitality sectors.

<sup>11</sup> Functional Economic Market Areas: An economic note, DCLG (February 2010) based on 2001 Census data

2.43 While this trend is not uncommon within Outer London boroughs and wider South East authorities (particularly those benefiting from strong transport links and connectivity to the capital as well as strong appeal to economically active residents), without intervention it could have important implications for the types of sectors and activities that can be attracted to and grow in Kingston and consequently the types of jobs that are available for local residents in future. In this respect, policies to encourage greater retention of highly skilled workers within Kingston could have a range of positive economic impacts for the Borough, including boosting productivity and levels of enterprise more generally, particularly if measures are in place to support these residents to start-up and grow businesses, reducing reliance upon 'footloose' inward investment for employment.

## Conclusions

2.44 The Borough has recorded reasonable job growth over the last 16 years (14%), underperforming the Greater London average but similar to the national trend. The proportion of B class jobs has remained largely constant over this period, with declining industrial employment offset by office job growth.

2.45 Kingston's key sectors of admin and support, retail, education and professional services have experienced relatively strong employment growth over the last 16 years. At the same time, significant job losses were recorded in manufacturing, communications, public admin and financial services sectors.

2.46 The Borough's business base is dominated by SME's (particularly within the business services, administrative and support sectors) with average levels of business start-up and relatively low self-employment. Kingston's economy is also characterised by below average productivity/GVA which may in part reflect a slight mismatch in the local economy between lower skilled jobs available, and a more highly qualified resident workforce, many of which commute out of the Borough to higher paid employment elsewhere. It is also likely to reflect the lower skilled nature of some of the Borough's key employment sectors including retail, leisure and hospitality.

2.47 Kingston's businesses are distributed across the Borough but tend to be concentrated in and around the key town and district centres of Kingston, Surbiton, New Malden and Tolworth. More residential areas of the Borough also accommodate a significant proportion of Kingston's business services and support activity, reflecting the importance of less traditional/formal workspace and also the availability of lower business rates and rent.

2.48 Kingston's residents have above average skills and the Borough has historically recorded very low levels of unemployment. Nevertheless, significant levels of out-commuting results in a slight contrast between workplace and resident earnings, while deprivation remains entrenched in pockets of the Borough such as the areas of Norbiton, Hook and Chessington.

## 3.0 Overview of Employment Space

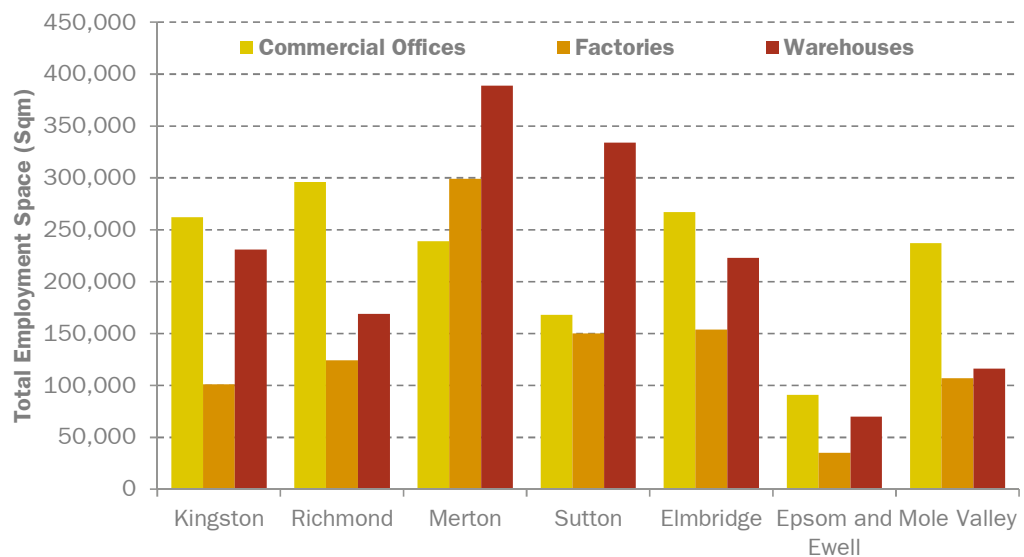
3.1 This section provides an overview of the current stock of employment space in Kingston and adjoining local authorities, and recent trends and changes to the supply of this space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses i.e. offices (use class B1(a/b)), warehousing/distribution (B8) and manufacturing industry (B1(c)/B2). This analysis is based on data from the following sources:

- commercial floorspace data from the ONS and Valuation Office Agency (VOA);
- Kingston Council's monitoring data on commercial space; and
- EGi Property Link commercial property database.

### Current Stock of Employment Space

3.2 In 2012, Kingston contained some 603,000sq.m of B class floorspace. A breakdown of this space by main uses, and a comparison with employment space levels in nearby districts, is shown in Figure 3.1. This indicates that the supply of employment space in Kingston is dominated by commercial office and distribution uses which account for 44% and 39% of total stock respectively. Kingston's stock of commercial office is one of the highest in the sub-region, while factory space falls well below the majority of adjoining authorities, with only Epsom and Ewell recording less factory space than Kingston.

Figure 3.1 Employment floorspace by Local Authority ('000s sq.m)

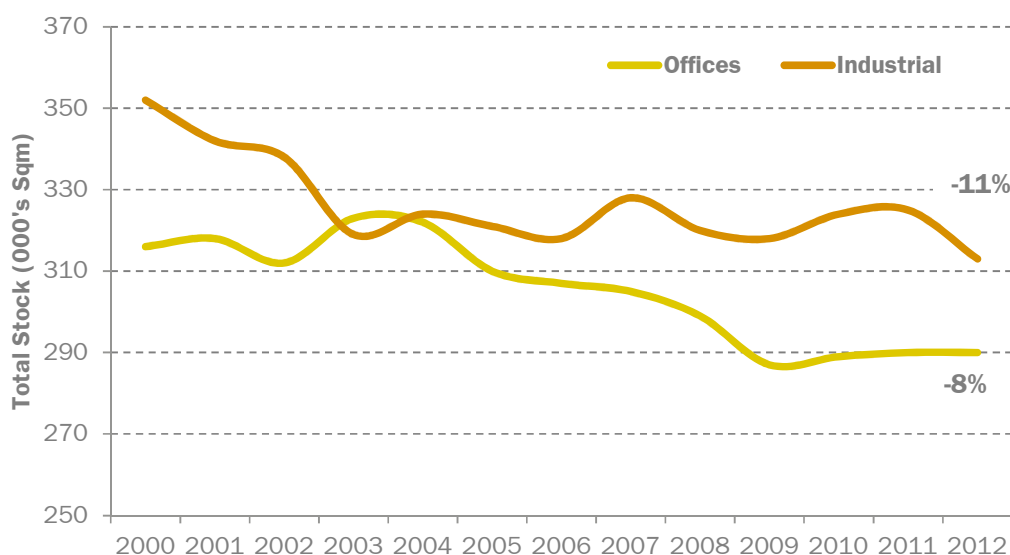


Source: VOA 2008 / NLP analysis

3.3 Commercial office space in Kingston decreased by around 8% over the 12 year period 2000-2012 according to published VOA data (Figure 3.2),

compared with an increase of 12% across Greater London and 17% across England and Wales as a whole. Total industrial space also fell, by around 11% over this period compared with a decrease of 19% across London and 3% across the country. This suggests that while industrial space trends in Kingston have broadly followed the wider London pattern in recent years (albeit at a slightly lower rate of decline), the Borough has been losing disproportionate amounts of commercial office space which runs contrary to wider economic trends across the country's commercial property market. Analysis presented in the London Office Policy Review (LOPR) 2012 indicates that the rate of office space reduction in Kingston was the seventh highest of all 33 London Boroughs over the 12 years between 2000 and 2012, with the predominately outer London Boroughs of Harrow, Sutton, Croydon, Redbridge, Bromley and Wandsworth recording greater levels of decline. These local level trends are explored in more detail later in this section.

Figure 3.2 Change in Business Floorspace in Kingston, 2000-2012



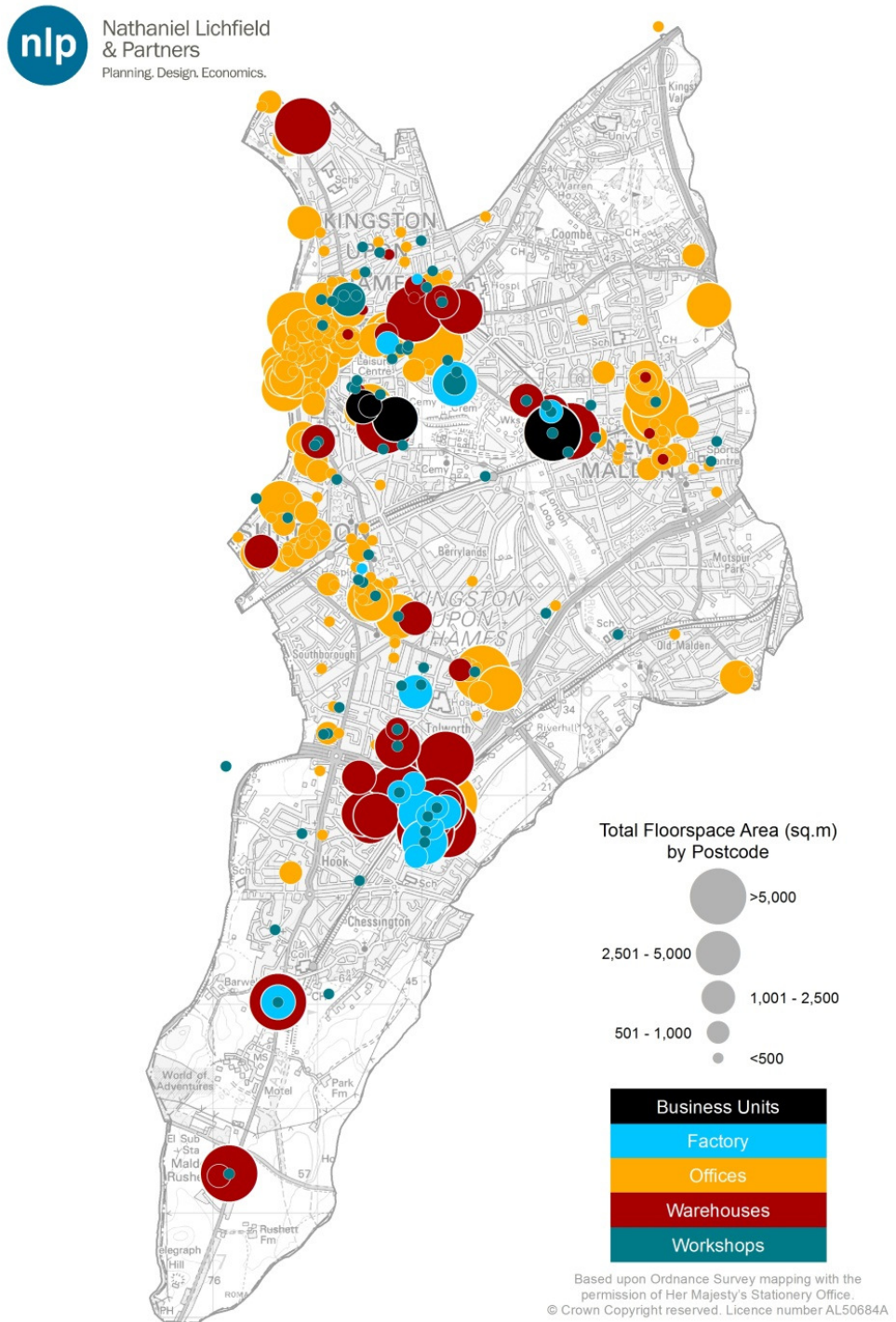
Source: VOA Business Floorspace Statistics / NLP analysis

## Spatial Distribution

3.4

Figure 3.3 shows the distribution of B class employment space across Kingston using latest available VOA data. This indicates that office space is concentrated within and surrounding the key town and district centres of Kingston, Surbiton, New Malden and Tolworth, in particularly clustered around the Borough's main railway stations. In contrast, Kingston's industrial space tends to be distributed across a number of the Borough's key employment sites to the north and south of the Borough including Chessington and Barwell SILs, St John's Industrial Area, Fairfield Trade Park and London Road. Beyond this, employment space tends to be relatively dispersed and small in scale.

Figure 3.3 Spatial Distribution of Employment Floorspace in Kingston

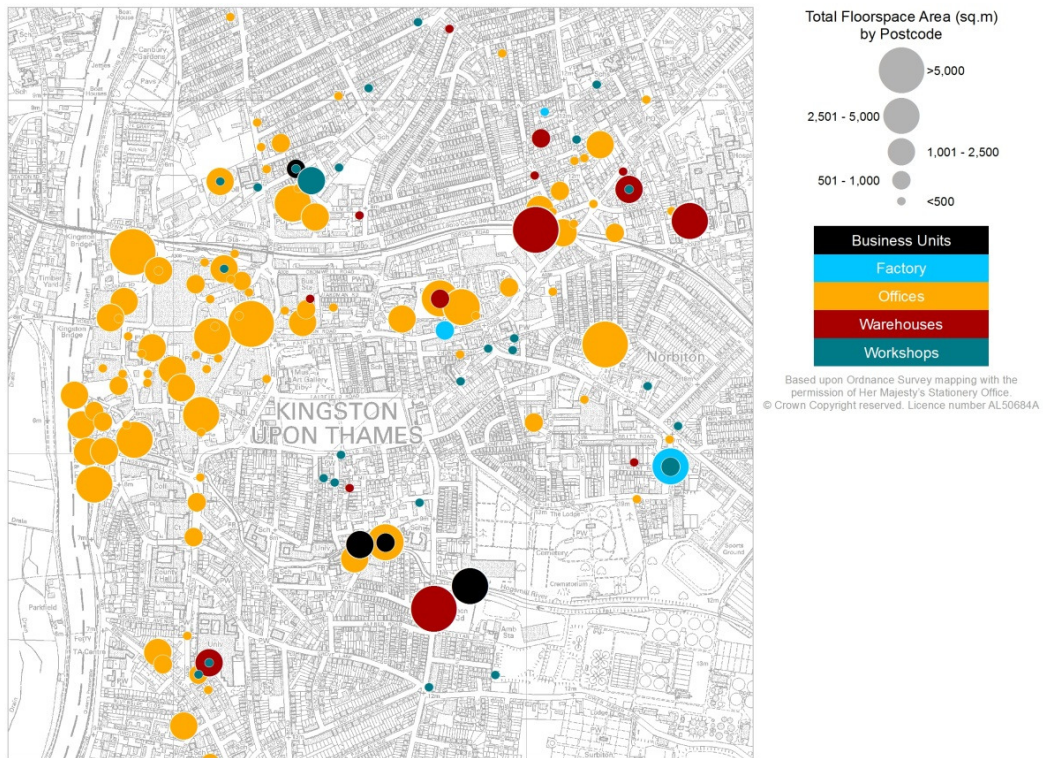


Source: VOA 2010 / NLP analysis

3.5

A more detailed spatial distribution of employment space in Kingston town centre is presented in Figure 3.4 below, underlining the dominance of commercial office space in the town centre and its periphery. This office space is located in and around retail and leisure developments, often above shop units. Figure 3.4 identifies some small scale warehousing/distribution space on the fringes of the town centre, in and around the London Road area.

Figure 3.4 Spatial Distribution of Employment Floorspace in Kingston Town Centre



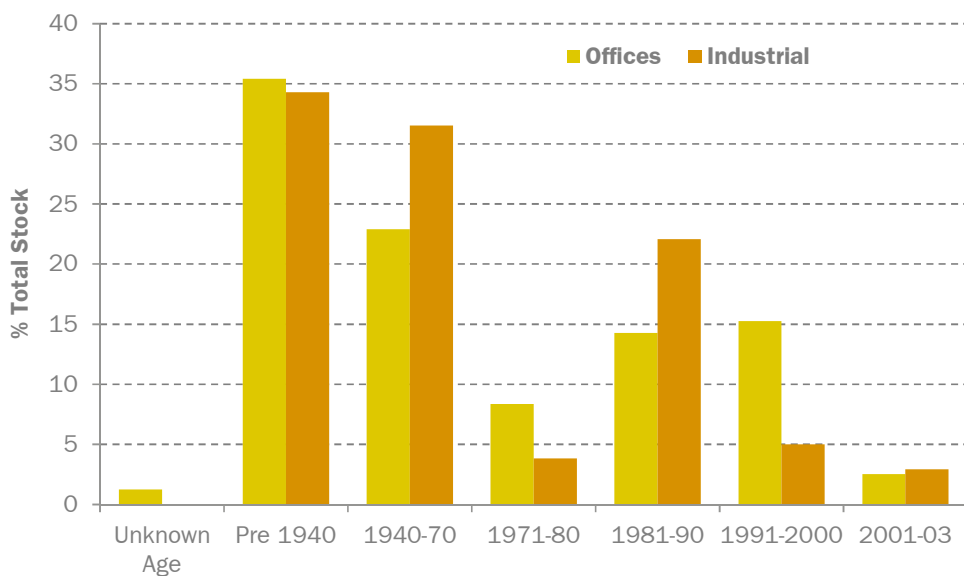
Source: VOA 2010 / NLP analysis

### Age of Premises

3.6

Although only covering the period up to 2003, ONS data on the age of premises can give a broad indication of the age of stock in the Borough (Figure 3.5).

Figure 3.5 Age of Premises in Kingston



Source: ONS 2003

- 3.7 This shows that Kingston's sizeable stock of office space is relatively old, with 82% built before 1990. Whilst this proportion is similar to adjoining Boroughs, minimal amounts of new office space have been delivered in recent years, and as outlined above the Borough has recorded an overall net loss of office space since 2003, amounting to a reduction of approximately 10%.
- 3.8 Overall, the sizable amount of employment space that has been lost in recent years coupled with limited levels of new development suggests that the Borough may be starting to fall behind London and the country as a whole in terms of its modern business premises offering.

## Vacancy

- 3.9 A review of commercial property being marketed in Kingston at November 2013 indicates that approximately 39,000 sq.m of office floorspace is currently available across the Borough. This indicates a vacancy level for office stock of just over 13%<sup>12</sup>. This level of office vacancy is higher than the typical vacancy rate of 10% assumed in functioning markets, and indicates a potential surplus of space currently available to the market. Whilst this available space is located right across the Borough, there are a number of larger premises that stand out as recording significant vacancy, including 46-50 Coombe Road (1,830 sqm) and Apex Tower (1,215 sqm) in New Malden, Number 1 The Crescent (3,230 sqm) in Surbiton, Surrey House (1,530 sqm) in Kingston Town Centre and Tolworth Tower. Although much of this vacant office space is of good quality, some of the premises are characterised by large floorplates, inflexible internal configuration and in some cases a peripheral location within the Borough which undermines their attractiveness to the market.
- 3.10 With regards to industrial space, the equivalent figure for vacant stock was approximately 29,600 sq.m, or just over 9% of the total stock<sup>13</sup>. This vacancy rate appears to be lower than typical availability levels of around 10% for standard commercial property markets that allow for a certain amount of available space for firms to relocate and expand. This suggests a relatively tight supply of industrial land and premises relative to demand in Kingston. This availability was spread across a variety of sites throughout the Borough, although notable concentrations were evident in the main industrial areas of Barwell Business Park, Oakcroft Road and Cox Lane in Chessington.

## Development Rates

- 3.11 The gross amount of floorspace developed for employment uses in Kingston over the last 11 years is shown in Figure 3.6 below. This indicates that just over 51,000 sq.m of gross B Class space was developed across the Borough between 2003 and 2013, equivalent to an average of 4,600 sq.m per annum. The majority of new floorspace was developed for industrial uses, with 48% developed for B8 (distribution/warehousing) and 43% for manufacturing

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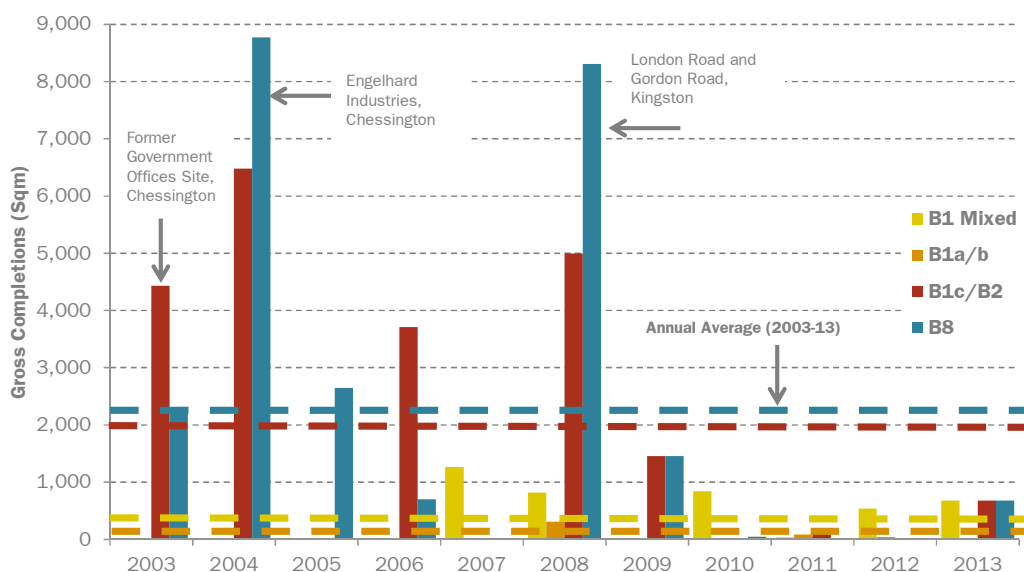
<sup>12</sup> When compared with total office stock of 290,000sq.m (based on latest available Borough level data from the VOA, 2012)

<sup>13</sup> Total stock equivalent to 313,000sq.m (VOA 2012)

(B1c/B2) uses. By contrast, less than 1% of gross B class development was for office (B1a/b) uses, although the mixed B class category which accounted for the remaining 8% of new development is likely to include some office based uses.

- 3.12 Figure 3.6 shows that the level of new development in Kingston has been very uneven over recent years, particularly in terms of industrial development. Very low levels of office development have been recorded across the monitoring period.

Figure 3.6 Gross Development Rates in Kingston 2003-2013



Source: Royal Borough of Kingston upon Thames/NLP analysis

- 3.13 The level of development peaked in 2004 with the Borough recording total gross completions (15,250 sq.m) that were more than three times as high as the annual average over the last 11 years. The majority of all gross completions in 2004 related to the development of industrial/warehouse units at Davis Road, Chessington and to a lesser extent the development of storage and distribution buildings at Hook Rise South in Surbiton. Completions elsewhere in the Borough were relatively modest by comparison.
- 3.14 Similarly, the 2008 reporting year also recorded relatively high levels of gross development at 14,440 sq.m across all B use classes. The majority of this related to a mixed use development at London Road and Gordon Road in Kingston which included a B8 storage and distribution unit.

## Net Development

- 3.15 Across the period as a whole the net development rate (i.e. taking account of losses of employment space) was negative, reflecting significant losses of employment space which outpaced the level of gross development recorded. Between 2003 and 2013, the Borough recorded net development in the order of -14,500 sq.m, or an average of -1,320 sq.m per annum. This means that



across all B use classes, the loss of employment space exceeded gains by around 1,320 sq.m each year, indicating a gradual reduction of B class space in Kingston over the last 11 years (as echoed by Figure 3.2).

- 3.16 As net completions of B class space have not been consistently monitored and reported by the Council over the last 11 years, it is not possible to analyse how this trend of losses is broken down by year and location throughout Kingston. However, it is possible to identify that B1 uses (predominately comprising office uses but also some light industrial uses) accounted for the vast majority of these losses (and therefore negative rate of net completion) as shown below in Table 3.1. At the same time, the Borough recorded positive net completions of B2 manufacturing space over the 11 years 2003 to 2013 (amounting to a total 9,720 sq.m), although this was insufficient to offset the significant negative net completions seen within B1 (office) space and to a much lesser extent, B8 warehousing uses (Table 3.1).

Table 3.1 Net Completions of B Class Space in Kingston, 2003 to 2013

Use Class	Net Completions (sq.m)	
	Total (2003-2013)	p.a.
B1	-23,540	-2,140
B2	9,720	884
B8	-680	-62
<b>Total</b>	<b>-14,500</b>	<b>-1,320</b>

Source: Royal Borough of Kingston upon Thames/NLP analysis  
Note: Totals rounded

- 3.17 This past trend is echoed by the Council's latest available Annual Monitoring Report which indicates that net completions in the monitoring year 2012/13 amounted to -4,524 sq.m, with this negative rate of completions driven by significant losses of B1 and B8 space across the Borough.

### Impact of Permitted Development Rights

- 3.18 In early 2013, the Government announced the proposed introduction of Permitted Development (PD) Rights to allow for change of use from B1(a) offices to residential, whereby premises can undergo change of use without the need to obtain planning permission, at least for an initial three-year period. The effect of the new permitted development rights could be to increase the rate of losses of office space potentially above past trends. This would apply even with the general protection of employment land under Core Strategy Policy DM 17.
- 3.19 Initial analysis of Council monitoring data indicates that 50 prior approval applications<sup>14</sup> have been submitted for change of use from office to residential in the Borough under the new PD rights since May 2013. Of the 45 that have been determined, 28 (62%) have been granted, 11 (24%) refused, and 6 (13%) withdrawn. The majority of applications granted related to vacant office

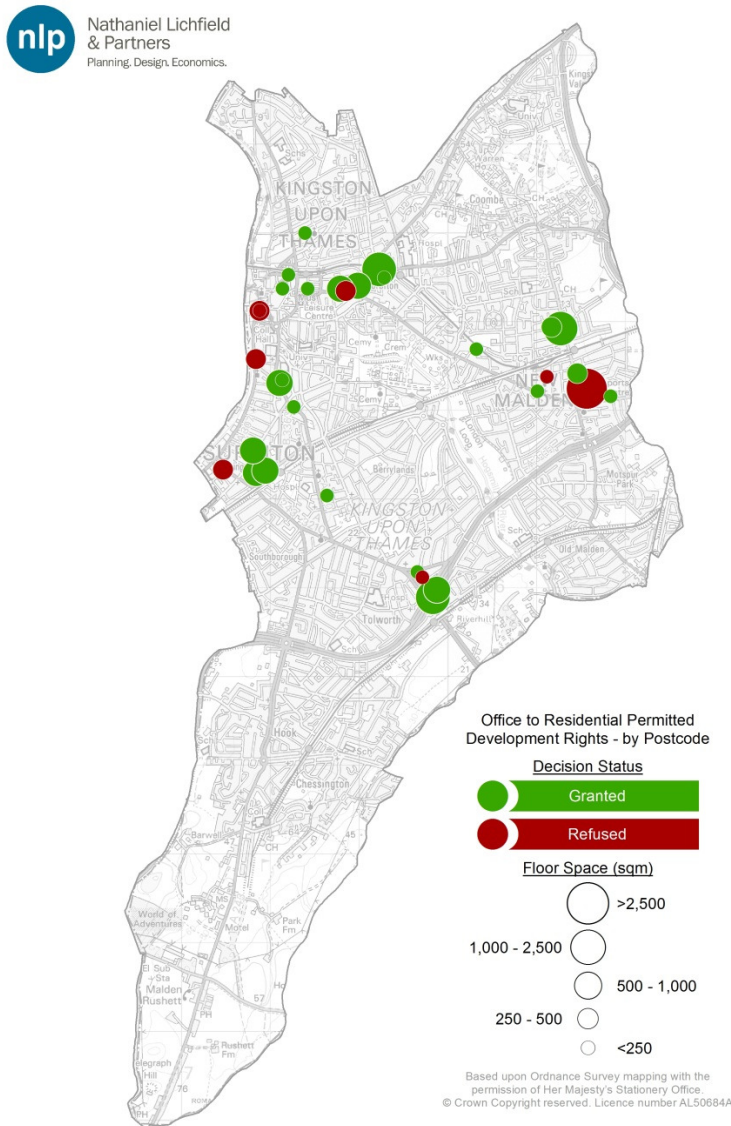
<sup>14</sup> As at 15<sup>th</sup> January 2014

floorspace, or floorspace that was occupied by short-term leases. The average amount of granted floorspace for change of use was just under 500sq.m.

3.20

Figure 3.7 below illustrates the spatial distribution of those applications that have been granted or refused across the Borough. This shows that applications have been concentrated in and around the Borough’s key office locations including Kingston Town Centre, Surbiton, New Malden and Tolworth which together accommodate the majority of the Borough’s office space.

Figure 3.7 Spatial distribution of office to residential PD rights applications (at January 2014)



Source: RBK / NLP analysis

3.21

If all of the granted prior approval applications were to be implemented, this would equate to a total loss of 12,440sqm of office space across Kingston, equivalent to just over 4% of existing office stock in the Borough. According to Council monitoring data, seven have already been commenced (at January 2014), resulting in the loss of just under 3,200sqm of office space to date. This is roughly equivalent to the annual average loss of office floorspace recorded

in the Borough over the last 11 years i.e. before the PD rights were introduced. Although comprehensive monitoring data is not yet available for the current year (i.e. up to March 2014), this analysis suggests that the effect of the office to residential PD rights policy has been to double the rate of office floorspace losses in Kingston, thereby accelerating the rate of contraction of the Borough's office stock.

- 3.22 The recent introduction of PD rights is expected to have a significant impact across the capital, but particularly in those Boroughs with the highest residential land values and existing pressure on lower value uses such as offices. Although the full impact of the PD rights changes remains unclear, it was recently reported<sup>15</sup> that across the six London Boroughs of Islington, Camden, Lambeth, Richmond, Sutton and Tower Hamlets, 368 prior approval applications for office conversions have been received since the policy came into effect in May 2013. Those that have been granted are expected to result in the loss of a minimum of 75,000sq.m of office space, creating just under 1,200 housing units. In the adjoining Borough of Richmond specifically, 140 requests for office-to-residential conversions are reported to have been received to date, which together are projected to result in the loss of 20,000sq.m of office space and the forced relocation of around 50 businesses<sup>16</sup>. RBK will clearly need to carefully monitor future losses of office space to see if additional provision becomes necessary over and above the spatial requirements presented in Section 6.0.
- 3.23 As part of on-going planning system reforms, the Government recently announced that it will consult on greater flexibilities for change of use from warehouses and light industry structures to residential. This could have implications for Kingston's industrial property market although proposals are still at an early stage and there may be an opportunity for local authorities to apply for an exemption from any proposed policy in due course.

## Emerging Supply

- 3.24 The supply of employment space in the development pipeline comes from sites in the Borough that have outstanding planning permissions for B class development (at end of March 2013) that have either not been started or are under construction. In total, these permissions equate to just over 42,400sqm of B class space, broken down as follows in Table 3.2.

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<sup>15</sup> <http://www.planningresource.co.uk/article/1227251/six-boroughs-ok-1200-conversions>

<sup>16</sup> <http://www.planningresource.co.uk/article/1227476/tory-peer-bashes-boles-office-to-resi-impact>

Table 3.2 Available Employment Space in Kingston

Location	B1	B2	B8	Total
Chessington	12,870	12,870	12,870	<b>38,610</b>
Kingston Town Centre	1,000	1,010	0	<b>2,010</b>
New Malden	360	0	0	<b>360</b>
Norbiton	590	0	590	<b>1,180</b>
Surbiton	280	0	0	<b>280</b>
<b>Total</b>	<b>15,100</b>	<b>13,880</b>	<b>13,460</b>	<b>42,440</b>

Source: Royal Borough of Kingston upon Thames Monitoring Data (at March 2013)

- 3.25 This available supply is split relatively evenly between B1 (office), B2 (manufacturing) and B8 (distribution) uses, and is largely located within the Chessington area of the Borough, in or in close proximity to the two SILs (Chessington and Barwell). A further 2,010sqm of B1 and B2 outstanding planning permissions relate to space in and around Kingston Town Centre, while Norbiton accounts for 1,180sqm of B1 and B8 permissions. A very small proportion of this available supply is located within Surbiton and New Malden, which each account for less than 1% of the total identified supply. The vast majority (94%) of these planning permissions have not been started.

## Employment Space in Adjoining Areas

- 3.26 It is also important to understand the extent of available employment land in adjoining authorities and any major new economic developments emerging in these locations that might compete with Kingston for future demand. A brief review has been undertaken below of the current position in each area based on published Employment Land Reviews (ELRs) where available, annual monitoring report and other planning policy documentation.

### Elmbridge

- 3.27 The Borough of Elmbridge is positioned to the west of Kingston, and is largely defined by its suburban and residential characteristics. It has the third highest number of workforce jobs in Surrey, but is a significantly smaller economy than other neighbouring authorities in Greater London. The only major office market within the Borough exists in Weybridge, although other smaller office centres are found in Walton-upon-Thames and Cobham. The Brookland Industrial Estate represents the most significant concentration of industrial activity within the Borough, benefitting from strategic access with the M25 for B2 and B8 uses.
- 3.28 An interim update of the 2008 Employment Land Review (ELR) for Elmbridge in 2011 indicated that a potential shortfall in B2 and B8 floorspace exists for the plan period 2011 to 2026. Most significantly, an increase in demand for B8 floorspace of some 22,000 sqm is projected over the fifteen year period. The supply of employment land to meet the projected demand is proposed to come from the intensification of existing sites and the redevelopment of other uses on strategic employment sites. While demand for B1 space is also projected to

grow over the plan period, a large oversupply of office floorspace in Elmbridge means no additional development is necessary in the short term.

- 3.29 Increased pressure for greater levels of residential development has resulted in a recent reduction in employment floorspace throughout Elmbridge, with some 1,650 sqm taken up by housing during the 2012/13 monitoring year. Despite a net gain in employment space in 2012/13, which was largely attributable to the completion of two large office blocks in Brooklands, the delivery of new B1, B2 and B8 floorspace has been low over recent periods. Although no significant schemes are currently in the pipeline containing new B2 or B8 space, around 2,000 sqm of new B1 space is being developed in Esher that will enhance the provision of town centre employment floorspace in the Borough.

## Epsom & Ewell

- 3.30 Located to the south-east of Kingston is Epsom & Ewell, a mostly rural Borough that is constrained in further expanding its built up areas due to the extensive allocation of Green Belt land. The majority of employment floorspace within the Borough is located within Epsom town centre and the Longmead and Nonsuch industrial estates, while smaller commercial premises are mostly located within Epsom town centre and Ewell village. The Borough's commercial stock is mostly characterised as older stock with little development having occurred in the last decade, making successful lettings in the Borough somewhat more difficult.
- 3.31 The most recent ELR for Epsom & Ewell in 2006 identified a limited supply of employment floorspace in the Borough, with much of this supply also having been built prior to 1970. The review noted that relatively little scope for large scale additional land supply exists within the Borough. It identified the need for an additional 48,000 sqm of employment space by 2016, and recommended this should be met by protecting existing supply and redeveloping many of the older commercial sites, helping to retain employment uses wherever possible.
- 3.32 Development of employment floorspace in Epsom & Ewell over the last decade has been low when compared with other sub-regional centres, which has left a mismatch between supply and demand in the market. While vacancy rates are about average at 10%, secondary floorspace will continue to become harder to let in the future, particularly within town centres. Within the current market, the Council also recognises that housing development is often in direct competition for employment land. In order to safeguard the economy, the Local Plan seeks to protect a suitable amount and range of employment premises, especially those located in sustainable locations like Epsom town centre.

## Merton

- 3.33 The London Borough of Merton that adjoins Kingston to the west, benefits from a much larger supply of employment space than other neighbouring authorities. The majority of this employment space is B2 and B8, with the primary industrial locations including Morden Industrial Estate, North Wimbledon, Prince George's Road, Beverley Way Industrial Area and the

Willow Lane estate. Whilst the office market is somewhat more limited in comparison, a strong concentration of B1 floorspace is provided in Wimbledon, with good transport links, access to highly skilled labour and a good local environment, creating a high value location.

3.34 Based on the Council's 2010 ELR, a significant shortfall of B1 floorspace was predicted for Merton by 2021. For B2 and B8 floorspace, a future surplus was indicated as a result of the continuing decline of manufacturing activities. Very few sites were identified with the potential to provide new B1 space and most industrial sites were unsuitable for development of such uses. With a shortage of development sites and an older industrial stock, the Council recognises that other measures need to be explored to improve the stock of commercial space in Merton and help enhance the attractiveness of the local market.

3.35 Over the last ten years, the Borough has suffered a net loss of B class space with large losses in manufacturing space and only modest gains in office space having occurred. In addition, much of the premises are of dated stock that is generally less attractive to the market. The development pipeline in 2010 also indicated a net loss of employment space would occur in the future, compared with current provision, if all schemes with planning permission were developed. In this context, the 2010 ELR did not identify any major development proposals that were planned or underway that was likely to bring new employment space.

### Mole Valley

3.36 The mostly rural District of Mole Valley is located to the south of Kingston. It is a relatively resilient District that has a healthy supply of commercial space, with office space taking up over half the total employment space. Representing the main employment area in the District is Leatherhead, which comprises around half the total employment space and two thirds of the total office space. Most of the employment activity in Mole Valley occurs within the numerous business estates, including Mole Business Park, Leatherhead Trade Estate and Dorking Business Park, amongst others. A high proportion of the commercial premises within the District are modern, offering attractive sites to potential occupiers.

3.37 The recently produced ELR for Mole Valley in 2013 indicated that a sufficient supply of employment land existed in the District to meet future changes in the local labour supply for B1, B2 and B8 uses. There also would be a surplus in employment space to meet demand led growth requirements up to 2021, even with a potential shortfall in B1 space existing over this period. The large amount of unimplemented planning permissions and vacant space within the District means that future commercial floorspace requirements should be matched, and no additional employment developments will be needed in the short term.

3.38 Over the last decade, total employment space in the District has declined. Most substantial losses have been in industrial space, although some gains in office space in recent years have offset these losses. For the most part, changes in stock have come from developments within employment sites and conversions of existing premises. As at December 2012, planning permissions and vacant

office space accounted for some 32,000 sqm. Vacancy rates were estimated at 9.8% for B1 uses and 3.3% for B2/B8 uses. Major developments currently in the pipeline in the District are centred on the expansion needs of existing firms, such as the 3,751 sqm B1/B2/B8 development for Photo Me in Leatherhead and 8,994 sqm B2 development for Johnston Sweepers in Dorking.

## Richmond

- 3.39 The London Borough of Richmond is situated to the north-west of Kingston, with good transport access to inner London helping to make the Borough a favoured office location. In particular, Richmond town centre and Hampton have attracted several multinational corporations based on their transport links and residential amenity. The Borough also accommodates B1b and B1c uses at the National Physical Laboratories in Teddington and smaller B1a premises outside the town centres, such as at Castle Business Park in Hampton. Because the industrial and warehousing markets are so much smaller than the office market, no major concentrations of such uses currently exist within the Borough.
- 3.40 The 2009 ELR for Richmond forecasted demand for B2/B8 employment space to reduce between 0.5 ha and 6.3 ha by 2026, resulting in an excess supply of such land if the current supply is kept. The ELR also predicted that demand for office space would increase between 0.6 ha and 3.5 ha over the same period. In order to meet this demand, the Council suggests reallocating existing sites with low employment demand for office development. For this reason, no extra employment land is needed in the short term to meet future requirements, but instead, modern refurbishments of existing premises is needed to improve the overall condition of the commercial property market.
- 3.41 Development of employment space in the Borough over the last nine years has been relatively robust, with an average of 5,500 sqm of new floorspace built per annum over this period. However large amounts of employment space has also been lost over this period to new housing, retail and hotel developments, particularly to office premises. Due to the redevelopment of employment space into other uses, an average net loss of around 650 sqm of space has occurred in Richmond over the last eight years. While pressure on commercial premises to be redeveloped is likely to intensify in coming years, new employment land of around 0.46 ha was granted planning permission in 2012/13, with much of this permission relating to the expansion of office stock within the Borough.

## Sutton

- 3.42 Located to the east of Kingston, Sutton is a reasonably buoyant local economy that benefits from a good strategic location and transport links. Its employment space is predominately industrial, with almost three quarters of all space taken up by such uses. Industrial and warehousing activities are located in a range of industrial estates, including the Strategic Industrial Locations (SIL) of Kimpton, Beddington and Imperial Way. Its office provision is concentrated in Sutton town centre, and to a lesser extent in Cheam and Wallington. In recent

decades, the Borough has outperformed neighbouring local authorities in employment growth.

- 3.43 The Borough's recently updated Employment Land Review (2013) notes that Sutton's office market attracts fairly low levels of demand with the town centre characterised by large amounts of vacant office space and negligible new development in recent years. By contrast, industrial activity remains quite strong despite a tight supply of space and significant amounts of industrial land having been lost in recent years for example within industrial areas like Felnex.
- 3.44 The ELR concludes that Sutton has insufficient employment land or space in the development pipeline to accommodate future growth under a range of different situations. In order to achieve further office provision in future, it recommends an approach that encourages refurbishment of existing vacant space and seeks small scale office development within a few, well located, large mixed use schemes within Sutton town centres. In terms of industrial uses, the ELR notes that Sutton should not lose any significant amounts of industrial land in future and should take a strong line in resisting pressure on such land.

## Conclusions

- 3.45 Kingston's employment space is dominated by commercial office and distribution uses, which account for 44% and 39% of total stock respectively. The Borough has one of the largest stocks of commercial office space in the sub-region at 603,000sq.m, although this has been eroded away in recent years.
- 3.46 Office space tends to be concentrated within and surrounding the key town and district centres and rail routes. In contrast, industrial space is distributed across a number of the Borough's SILs and LSISs to the north and south of the Borough including Chessington and Barwell, St John's Industrial Area and Fairfield Trade Park.
- 3.47 The Borough has seen minimal amounts of new development over the last 11 years, with B2 manufacturing uses representing the only type of B class development that has recorded more gains than losses. Losses of office space have been consistent and severe, with the recent introduction of PD rights accelerating this trend over recent months. These factors may undermine the ability of the Borough to offer a competitive stock of offices to meet current and future business needs.
- 3.48 The majority of authorities adjoining Kingston are characterised by significant constraints to significant employment development in future, and do not have large amounts of employment land to accommodate growth requirements flowing from the wider South London/M25 area. Whilst this means they are unlikely to be able to compete to attract investment away from Kingston, they face similar capacity issues with regards to planning for business growth and will continue to face increasing pressures on employment land from higher value uses, most notably residential.



3.49

The supply of employment space in the Borough's development pipeline comprises just over 42,400sqm of outstanding planning permissions for B class development (at end of March 2013) that have either not been started or are under construction. This supply is largely located in or in close proximity to the two SILs at Chessington and Barwell and is split relatively evenly between B1 (office), B2 (manufacturing) and B8 (distribution) uses.

## 4.0 Kingston Commercial Property Market

- 4.1 This section describes current property market conditions in Kingston and its relationship with surrounding areas, including recent trends in the demand for and supply of office and industrial premises. These findings are based on discussions with a number of commercial property agents and various economic development and business organisations and firms active in the area (see Appendix 1).

### Overview

- 4.2 The UK commercial property market is still recovering from the financial crisis of 2007/8 and the ensuing recession and property slump. Falls in the capital value and rental levels of office and industrial premises of up to 40% combined with stricter lending criteria from banks and the abolition of tax relief on empty property mean that property development is less profitable, finance is hard to obtain and the risks of developing space without an end-user identified are high. As a result, speculative development has become very rare across virtually all of the UK outside of prime London markets. This is particularly the case in more economically marginal locations, and those without a significant existing commercial property market, where lenders and developers are likely to be especially cautious.
- 4.3 Whilst London's economy has remained relatively resilient throughout the recession, it has not escaped the wider decline in business confidence and capital lending, both of which have suppressed demand for office space and effectively frozen the development pipeline in all but central London locations. As the economic recovery gains traction, commercial activity will increase although nature and pattern of recovery is likely to differ from the past, driven by underlying structural changes such as increasingly flexible working practices and rationalisation of the public sector.
- 4.4 There are differing views on how the market will evolve in the coming years. For example, competing forces such as a scaling back of public sector space requirements but a relative fall in employment land prices may play out in different ways in different locations. In any case, this study looks over the long term of the plan period up to 2031 and the inherent qualities of the Borough as a commercial location must therefore be considered.

### Market Segments

#### Offices

- 4.5 Demand levels for office premises in Kingston is steady, with the majority of demand coming from local firms wishing to expand or upgrade premises and stay within the area. The market largely services the Borough's SME business base across a range of sectors including business and financial services, creative media, engineering and energy. In and around Kingston Town Centre

represents the main focus for demand, particularly for premises in close proximity to the railway station and town centre amenities. The Borough's District Centres of New Malden, Surbiton and Tolworth also attract reasonable levels of demand from office occupiers, benefiting from good access to local workforce.

- 4.6 Given the concentration of SME's within the Borough's business base and demand arising from these firms, the main office requirements tend to be relatively small, typically up to 1,000sq.m in size. Whilst the Borough traditionally performed well as an outer London office location in the 1980s/90s, attracting demand from sizeable firms seeking large floorplates, the market for large scale, single corporate occupier premises has been declining in recent years as these types of firms consolidate and/or downsize. Nevertheless, the Borough is home to a number of large multinational firms including Unilever, DST Global Solutions and Saipem with the latter recently relocating to a large office building next to Kingston railway station from Motspur Park bringing with them circa 800 jobs. Although this is a rare example, their relocation was only made possible because suitable accommodation of a large enough scale was available.
- 4.7 The overarching market trend in recent years has been a notable lack of new office development in Kingston, with negligible amounts of new space being brought forward since 1990. This reflects a couple of key factors:
- the wider market trend of consolidation of office space towards central London/CAZ, away from outer Boroughs that may have traditionally attracted this activity in the past; and
  - low office rental values (particularly compared with higher values associated with residential and student accommodation) which have remained stagnant since the early 1980s, providing little incentive to developers and affecting viability of new office development.
- 4.8 This trend is not unique to Kingston, but instead reflects wider restructuring of the UK office property market which is undergoing an era of consolidation which will inevitably be defined by a different pattern of growth in future. For example, the 2012 LOPR concludes that *"there will be demand for new space, and for new types and formats of office space and related employment space, but in terms of quantity, forecasts suggest there is little need for expansion beyond that already in the pipeline. The rate of growth in office jobs, 2011-2036, is forecast to be half that which prevailed over the past two decades. The key policy task will be to monitor both the quantity and quality of space emerging, balancing new proposals with others that fall out of the pipeline, so that the pipeline is responsive to changes in demand"* (page v).
- 4.9 London's suburban office markets are suffering disproportionately from these underlying structural trends, as they are no longer able to offer any significant competitive cost advantage for Central London relocations, and available office space is often outdated for modern needs. At the same time, the changing nature of business operations means that 'back office' functions that traditionally relocated to suburban centres (including public sector activities)

have scaled back in volume or have been 'offshored' to cheaper locations either in the UK or abroad.

- 4.10 Furthermore, Kingston's proximity to nearby centres such as Wimbledon and Richmond that offer better, more convenient transport links and connections (particularly to central London) reduces the Borough's competitive locational advantage and appeal to the wider sub-regional office market. Traffic and congestion issues, as well as relatively poor parking provision in parts of the Borough also reduce Kingston's competitive advantage while new development of commercial premises within Kingston town centre is also constrained in part due to the geographical and structural constraints associated with the Thames and key transport routes.
- 4.11 At the same time (and as noted in Section 3.0), the Borough has been losing office space in net terms, as office accommodation has been gradually eroded over recent years. This has generally involved the loss of poorer quality, functionally obsolete office space that lacks market appeal, and in doing so, has helped to increase office rental levels. Nevertheless, it has also left Kingston with limited available space for office uses, a lack of accommodation and sites to meet occupier requirements and market activity that is restricted to second hand and refurbished space. This trend is confirmed by the London Office Policy Review (LOPR 2012) which acknowledges that while Kingston has potential based on the pull of the university, the Borough suffers from severe traffic congestion and the quality of its existing office stock is aging. The recent introduction of Permitted Development rights for change of use from office to residential are expected to accelerate this trend further (as noted in Section 3.0), particularly in light of the major disparity between the respective rental levels of office and residential property in the current market.
- 4.12 Vacancy within Kingston's office stock varies significantly by type, age and location. For example, vacancy is generally low within good quality, new accommodation with local agents reporting that the availability of Grade 'A' office floor space in Kingston has reduced over recent years. At the same time, demand is very limited for 'Grade B' premises, particularly within older premises that no longer meet modern business needs. Whilst there is no set definition, there are a number of factors that can contribute to the grading of office space, including age, location, specification, standard of maintenance and length of leases (see Appendix 2 for further definition).
- 4.13 As noted in Section 3.0, some of the office premises currently being advertised within the Borough do not appear to be vacant due to the poor quality space on offer, but instead because they are characterised by large floorplates, inflexible internal configuration and in some cases a peripheral location within the Borough.
- 4.14 Office rents in Kingston are competitive, particularly compared with nearby office centres such as Wimbledon and Richmond (Table 4.1), although the pattern of recent development/take-up suggests that in many cases this cost advantage is insufficient to attract office occupiers to the Borough. No significant differences in rental levels exist between the various district centres

within the Borough, although it was reported that Surbiton's enhanced connections make letting premises somewhat easier than other areas within the Borough while the more residential areas away from key centres also tend to offer lower rents.

Table 4.1 Industrial &amp; Office Rents in Kingston and Comparator Centres

Location	Industrial (per sqft)	Offices (per sqft)
Kingston Town Centre	n/a	£20-£25
New Malden	£7-£8	£20-£25
Surbiton	£10-11	£15-£25
Tolworth	£10-11	£18.50
Chessington	£9.50	£13-£15
Barwell	£12-£13.50	£13-£15
Wimbledon	£12-£15	£30
Richmond	£8-£12	£20-£30
Weybridge	n/a	£20-£30

Source: Survey of Commercial Agents / VOA / NLP analysis

- 4.15 It is clear that the lack of available/suitable office space in Kingston in recent years has significantly constrained activity in the Borough's office market and the opportunity exists for Kingston to play a more important office role in future. Market demand exists and increasing rental values over the last few months may represent a positive step towards improving the viability of new office development in future.
- 4.16 Attracting a greater volume and critical mass of office occupiers to Kingston will help to encourage other companies to remain in/consider relocating to the area. It will be important that any new office development is well located and highly-specified as firms increasingly seek to occupy modern, high-grade office spaces that reflect their own image.
- 4.17 Kingston Town Centre represents the obvious focus for new office development in the Borough, particularly as investment is targeted upon improving its retail, leisure and tourism offer in the coming months as part of a sustainable regeneration programme which will help improve its attractiveness to office occupiers. Improving the supply of office premises within Kingston Town Centre is most likely to be achieved through the redevelopment and renewal of sites for new premises although there are a small number of sites within the Key Area of Change that could potentially be suitable. The AAP identifies a number of Character Areas within Kingston Town Centre where new office development is encouraged as part of wider mixed use schemes, including Kingston Station and Eden Quarter. Such schemes could be aided by clear, agreed planning briefs or masterplans for potential sites that have tested the viability of a new office component.

## Industrial

- 4.18 Kingston is perceived as a reasonably good industrial location, with the southern parts of the Borough benefiting from proximity to the A3 and M25 and

a good local labour supply. Although affected by the recession, commercial agents report that demand for industrial space in Kingston has remained steady and low levels of vacancy reflect a very limited supply of industrial accommodation (particularly modern, good quality space).

- 4.19 The Borough's high proportion of SMEs means that demand tends to be for small to medium sized units (typically less than 1,000 sq.m) from local firms that are looking to expand or upgrade premises and stay within the area. Although the M25 is in close proximity, the size of some of the Borough's roads restricts large scale operations and in overall terms the industrial market in Kingston is smaller in scale than in many nearby areas along the M25/M3 corridor. This has an impact upon industrial rents in Kingston, which tend to be competitive particularly compared with adjoining centres (Table 4.1).
- 4.20 The Borough's two SILs at Chessington and Barwell and eight LSISs dotted across the Borough represent the main focus of demand and generally perform well, although activity is constrained by proximity to residential uses in some locations such as Cambridge Road/Hampden Road. The majority of existing industrial sites do not have the capacity to accommodate further development and local commercial agents report being unable to satisfy demand for small scale industrial space in Kingston. This lack of supply limits the potential for expansion and movement of existing firms as there is limited capacity, whilst it may also lead to potential economic opportunities being diverted from the Borough as firms cannot be accommodated within its boundaries.
- 4.21 In order to ensure that the Borough is able to capture these opportunities, as well as retain existing industrial firms as they grow and expand, market feedback points to the need for new industrial development in Kingston over the next few years. The Chancery Business Centre within the Red Lion industrial estate provides an assortment of smaller industrial premises, and represents a good example of smaller industrial units that have attracted high demand over recent years; this could provide a model for new development in future. There is also scope to redevelop the older parts of Chessington Industrial Area, building upon the site's strong strategic access and critical mass of firms.

### Provision for Small Firms/Start-ups

- 4.22 The Borough has a limited amount of space specifically designed for small and start-up businesses. The Kingsgate Business Centre in Kingston Town Centre provides serviced office units on short term, flexible leases alongside meeting space, catering facilities, hot-desking and accounting/PA services. Surrey House on Eden Street also provides flexible serviced office space and ancillary amenities. In Surbiton, the Maple Works business hub offers a range of accommodation packages for the Borough's homeworkers and SMEs.
- 4.23 Local commercial agents felt that Kingston could accommodate an additional start-up enterprise centre in the short to medium term that could offer high quality, modern premises at competitive rents. In particular, there could be potential for such a facility to build upon the role of Kingston University and

College in supporting enterprise and start-up firms, whereby providing affordable and flexible space to accommodate spin-out firms and retain them within the Borough. Whilst the University is reported to support one of the highest rates of business start-ups in the country (driven in part by a successful on-campus Enterprise Centre), there is currently no dedicated accommodation to offer these firms that benefits from a strong business support environment (on-site advice and support, mentoring/coaching, communal facilities).

- 4.24 Key success factors for such a facility are likely to include close proximity to urban services and amenities, proximity to key transport routes (such as a rail station) and sustainable linkages with the university/college and key business support bodies in the local area. In terms of an operational model, small scale space could be provided on a flexible basis for example whereby users become members and utilise the facilities on a 'pay as you go' basis. This could help small businesses to overcome the key barrier of overhead costs, and at the same time provide the shared space for entrepreneurs to come together and collaborate. Within Kingston Town Centre, potential locations could include the Penrhyn Road corridor, while Surbiton with its strong rail accessibility and thriving District Centre could also represent an attractive location for such a facility.

## Needs of Local Businesses

- 4.25 A survey was undertaken as part of the study to gain a better understanding of the needs of local businesses operating in the Borough, and the main factors that support and inhibit their growth. This involved a sample of 49 businesses across a range of sectors and locations in Kingston. A summary of the primary findings is set out below, with selected quotes reproduced in Appendix 8.

## Business Profile

- 4.26 Survey respondents were primarily based in the main employment centres of Surbiton (45%), Kingston Town Centre (33%) and New Malden (10%), with other locations also including the lesser commercial areas of Tolworth and Norbiton. Reflecting the existing business base in the Borough, around 80% of firms surveyed had 10 or less employees, with just two firms recording more than 500 employees. Respondents had been located within Kingston for differing amounts of time, ranging from 35% of firms having been in the Borough for less than 10 years and 40% of firms for more than 20 years.

## Current Business Premises

- 4.27 The most common type of employment site that respondents currently occupy is within town centre locations (51%), while other relatively common sites were in business parks or industrial estates (14%), and working from home (10%). Interestingly, around 10% of businesses also indicated that they were located in managed workspaces (i.e. either in Kingston town centre or Surbiton). When asked why they were located on their existing sites, respondents identified key factors such as the availability of premises, transport links (i.e. particularly to

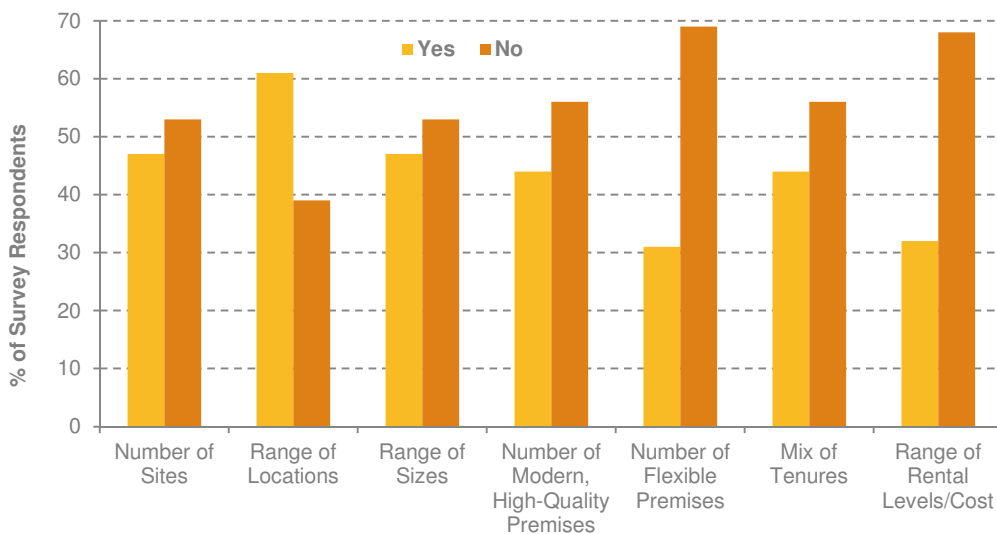
Central London and M3/M4 corridor), accessibility for employees and clients, and the proximity to customers.

4.28 The majority of businesses rated the quality of their site and surrounding area as either ‘good’ (31%) or ‘very good’ (35%). Respondents were also generally satisfied with their current business premises, which were cited as adequate for meeting current requirements. However the 8% that were not satisfied with their existing business premises cited aging buildings, run-down surrounding commercial environments, inadequate road infrastructure and car parking, and congested traffic flows (i.e. particularly in Kingston Town Centre), as key issues. Around 27% of respondents also indicated that they did not have enough space to meet their existing business needs.

4.29 When looking for suitable sites and premises to expand, upgrade or relocate to within Kingston, a third of respondents had experienced difficulties. The most commonly cited difficulties included a lack of affordable business premises (for both office and industrial uses), availability of small commercial workshops, a shortage of modern, high-quality premises that are purpose-built to meet future business needs, high rents and rates, and poor car parking provision across the Borough. In response to these issues, several respondents perceived the on-going conversion of business spaces to residential as being a compounding factor in terms of the availability and cost of premises within Kingston.

4.30 An assessment of the current condition of the commercial property market in Kingston showed a mixed perception existed within the business community with regards to the availability of business sites and premises. While the majority felt there was not an adequate supply of flexible premises or range of leasing levels to serve local business requirements, respondents were more split on matters like number of sites, range of sizes, mix of tenures and availability of modern sites. Feedback gained on the variety of locations for premises in the Borough were generally more positive (see Figure 4.1).

Figure 4.1 Do you think there is currently an adequate supply of sites/premises in Kingston?



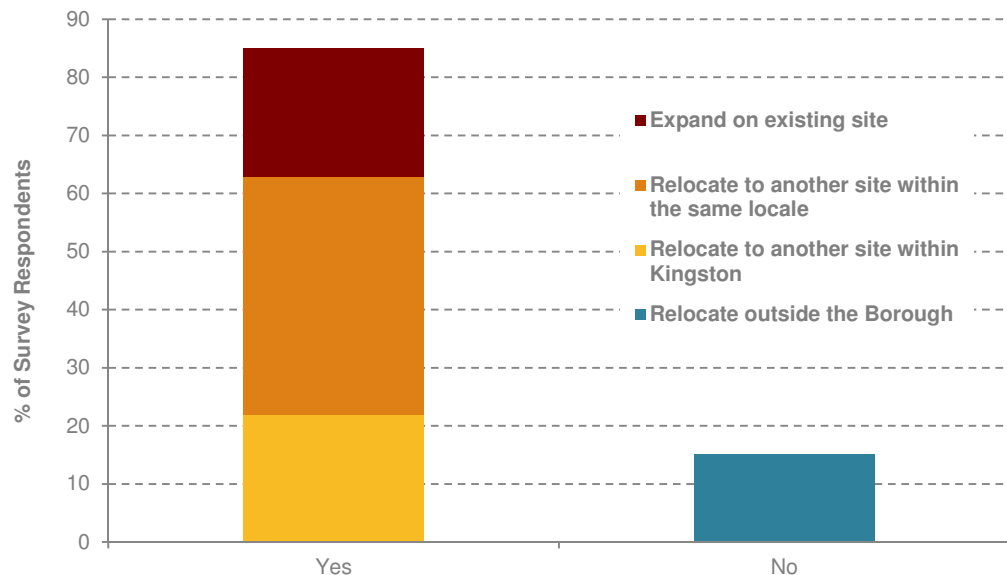
Source: NLP analysis



## Future Growth Plans

- 4.31 Some 62% of respondents indicated they are considering either expanding or relocating their business premises over the next five to ten years, with the vast majority (85%) believing they would be able to find a suitable site in Kingston to accommodate their new requirements. Businesses would consider expanding on their existing site (22%), relocating to another site in the same locale/centre (41%), or relocating to another site within the Borough (22%) (Figure 4.2).
- 4.32 For the 15% of respondents that did not feel they would be able to find suitable premises in Kingston to accommodate their future needs, they indicated other commercial areas like Richmond, Wandsworth or Central London as alternative locations that could potentially provide better business conditions.

Figure 4.2 Do you expect you would be able to find a suitable site/premise to accommodate your expansion plans in Kingston over the next five to ten years?



Source: NLP analysis

- 4.33 When asked whether businesses would be interested in operating in flexible or managed workspaces (e.g. shared facilities or hot-desking), almost 30% of respondents indicated they would consider such accommodation to meet their changing business requirements. A similar proportion of respondents also indicated that they did not feel their site or premises currently provide enough flexibility for their day-to-day operations. To make such non-traditional spaces appealing to businesses, respondents cited high-quality broadband services, administration and office support, and communal spaces, as vital facilities and amenities.

## Kingston as a Business Location

- 4.34 The most common factors that businesses cited for why they are located within Kingston include:

- accessibility from transport links that offer connections to other centres (i.e. particularly to Central London and the M3/M4 corridor);
- proximity to an established and successful business/client base that has been built-up over a number of years; and
- availability of suitable premises within the Borough that meet the business requirements of local enterprise.

4.35 Feedback from the survey provided mixed signals as to the current condition of the commercial property market within Kingston, but did suggest a significant number of local businesses were not satisfied with the existing supply of sites and premises. This mainly relates to the variety of premises (e.g. sizes, conditions, non-traditional) and range of leasing levels, which has resulted in the reduced flexibility and competitiveness of local businesses, and the overall appeal of the Borough as a business location. In addition, continual losses of employment space (and therefore increasing difficulty in securing suitable and available space) were seen as a key contributor to these market difficulties.

### Feedback by Area

4.36 Businesses operating in **Kingston Town Centre** were more likely to cite strong transport links, accessibility for workers and customers, and the proximity to their client base as key reasons for their choice of site. Where rental levels in the town centre are too high for some businesses, surrounding areas such as Norbiton were cited as more viable commercial locations. A large share of respondents situated in Kingston town centre was also satisfied with their site location and premises, despite almost a third citing the need for additional space.

4.37 Interestingly, businesses located in **Norbiton** were more likely to indicate that they expected to relocate in the near future, with many citing the conversion of their premises into residential as the primary driver for this.

4.38 **Surbiton** was identified in the survey as a location comprising a healthy supply of available premises at a range of rental levels, particularly compared with the higher rents associated with Kingston Town Centre. Further, Surbiton's strong transport connections were seen as a major benefit to the area. While most of the businesses surveyed were satisfied with the quality of the surrounding area and their existing premises, some respondents were less content with the up-keep of the street infrastructure (particularly along Brighton Road), provision of parking, and worsening of the traffic congestion in Surbiton, which was seen as reducing the overall attractiveness of the business location.

4.39 While fewer responses were gathered from businesses located in **Tolworth** and **New Malden**, respondents in these areas did cite good accessibility and proximity to customers as principal reasons why they were located there. Respondents within New Malden were also more likely to give their site location a lower score, and cite their existing premises as not providing the flexibility necessary to achieve more productive levels of operation.

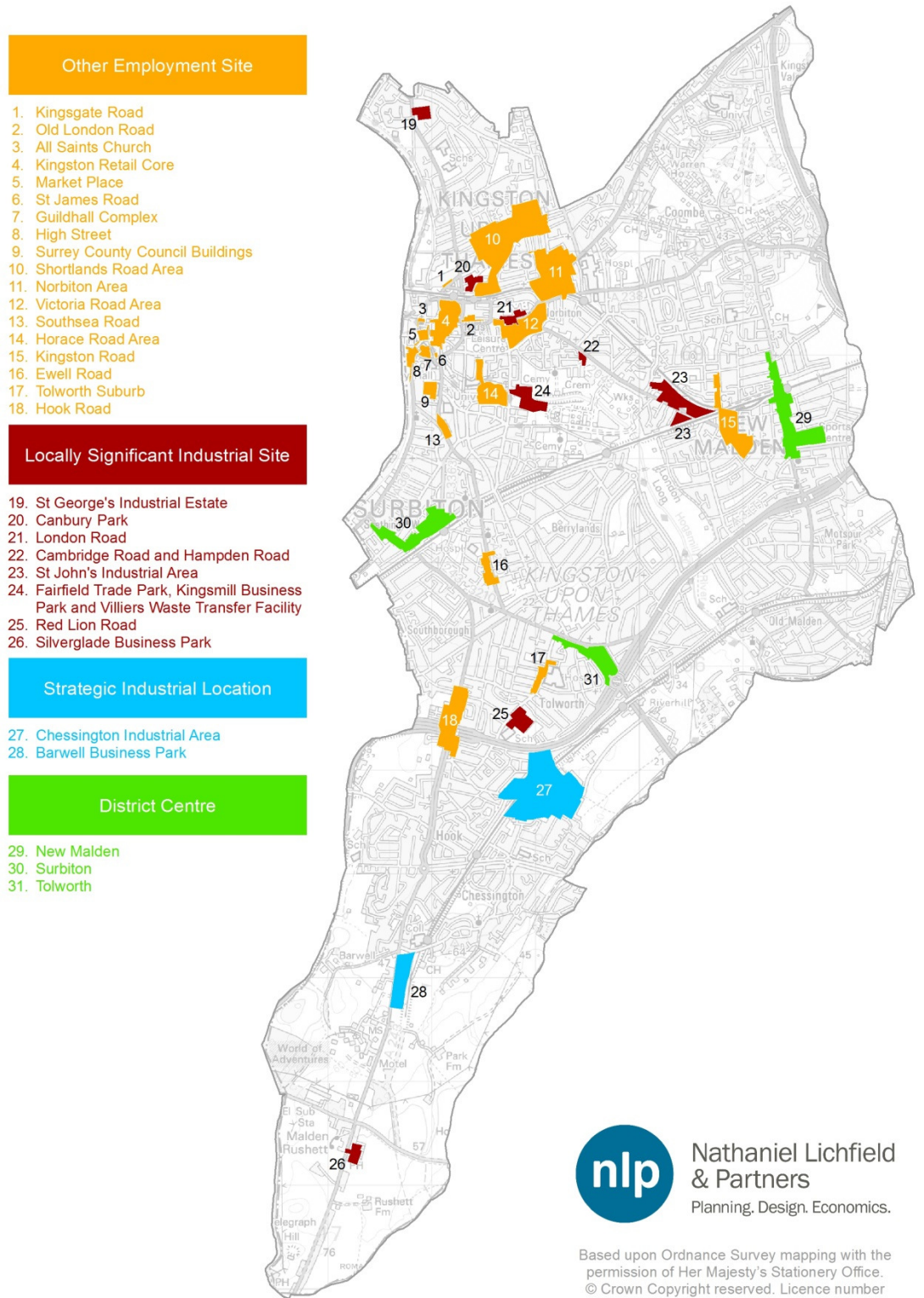
## Summary

- 4.40 Kingston's office market is characterised by steady demand largely driven by local firms wishing to expand or upgrade. Kingston Town Centre represents the key focus for demand, although the District Centres of New Malden, Surbiton and Tolworth also continue to attract demand. The overarching market trend in recent years has been a notable lack of new office development in Kingston, coupled with a gradually eroding stock of office space as more space has been lost than gained. Although this has generally involved the loss of poorer quality, functionally obsolete office space, this trend has significantly constrained Kingston's stock of office accommodation and the recently introduced PD rights for change of use from office to residential has already started to accelerate this trend further.
- 4.41 The opportunity clearly exists for Kingston to play a more significant office role in future, although any new office development should be well located and highly-specified as firms increasingly seek to occupy modern, high-grade office spaces that reflect their own image. Kingston Town Centre represents the obvious focus for new office development in the Borough, particularly as investment is targeted upon improving its retail, leisure and tourism offer and associated critical mass of activity and employment in the coming months as part of a sustainable regeneration programme.
- 4.42 The Borough is perceived as a reasonable industrial location, with commercial agents reporting a good level of demand and low levels of vacancy reflecting a very limited supply of industrial accommodation (particularly modern, good quality space). Demand tends to be for small to medium sized units (typically less than 1,000 sq.m) from local firms, with local access constraints restricting larger scale operations. The majority of existing industrial sites do not have the capacity to accommodate further development and local commercial agents report being unable to satisfy demand for small scale industrial space in Kingston. This points to a need for new industrial development alongside the redevelopment of older less efficient sites.
- 4.43 Whilst the Borough has a limited provision for small and start-up businesses, there is scope to expand this type of accommodation given the profile of Kingston's business base is dominated by SMEs as well as the presence of two major higher/further education institutions generating a continuous stream of spin-outs and start-ups. A focus on accommodating indigenous business growth and start-ups would also help to diversify the Borough's economy and reduce Kingston's reliance upon larger corporate occupiers that are decreasingly driving spatial requirements in suburban commercial markets.

## 5.0 Review of Employment Sites Portfolio

- 5.1 This section presents the findings of an assessment of employment land supply in Kingston, which considered the characteristics and quality of existing and undeveloped employment sites in the Borough and their suitability to meet future employment development needs.
- 5.2 In consultation with RBK, it was agreed that the assessment should focus on 31 main employment sites, collectively amounting to 218.3 hectares. The locations of these sites are shown on Figure 5.1. This includes two Strategic Industrial Locations (SILs), 8 Locally Significant Industrial Sites (LSISs) and three District Centres of Surbiton, Tolworth and New Malden. Whilst the majority of these sites (18) are not specifically designated for employment use, they have been identified as employment sites for the purposes of this assessment given their existing role and function as employment use clusters. The majority of these other sites are located in and around Kingston Town Centre.
- 5.3 All 31 sites that featured in the assessment were inspected and, in accord with the former ODPM guidance on Employment Land Reviews, assessed against the following criteria:
- a strategic and local road access;
  - b proximity to labour and services;
  - c adjoining uses that might constrain employment uses;
  - d site size, characteristics and potential development constraints; and
  - e market attractiveness.
- 5.4 Other factors were also noted including the site's suitability for specific uses, any barriers to the delivery of undeveloped sites for employment uses, as well as sustainability and sequential preference factors where relevant. Site location plans are included at Appendix 3 and details of the criteria used to assess sites are in Appendix 4. Appendix 5 contains a detailed assessment of each site against these criteria, along with commentary to supplement the formal appraisal exercise.
- 5.5 It should be noted, however, that this assessment process in itself does not necessarily provide a complete picture of a site's role within the local economy. For example, a site's importance to meeting particular business or sector needs can be important reasons for retaining a site even if it does not perform well against conventional site assessment criteria. A broader commentary is therefore provided on each site to supplement the formal scoring exercise.
- 5.6 Further to presenting an overview of the employment land considered in this assessment, a summary description is provided for each of the assessed sites, with a corresponding reference number.

Figure 5.1 Location of Employment Sites



Source: NLP

**nlp** Nathaniel Lichfield & Partners  
 Planning. Design. Economics.

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## Overview of Sites

5.7 As summarised in Table 5.1 below, in overall terms 218.3 hectares of employment land has been assessed through this study. The sites are divided into four typologies taking account of the policy designations set out in the Core Strategy and London Plan:

- 1 Local employment sites that do not have an employment designation;
- 2 Locally Significant Industrial Sites (LSISs) as defined by the London Plan;
- 3 Strategic Industrial Locations (SILs) as defined by the London Plan; and
- 4 Three District Centres.

5.8 Just over half of sites assessed (52%) comprised local employment sites while the two SILs accounted for a further 19% of the total site area. The eight LSISs comprised 12% of the sites assessed, with the three District Centres accounting for the remaining 17%.

Table 5.1 Employment Sites by Type

Type of site	Number of sites	Total site area *	% of total site area
Local Employment Sites	18	112.5	51.5
Locally Significant Industrial Sites	8	26.5	12.1
Strategic Industrial Locations	2	42.5	19.4
District Centres	3	36.8	16.8
<b>Total</b>	<b>31</b>	<b>218.3</b>	<b>100</b>

Source: NLP analysis Note: sites areas measured by NLP from RBK GIS site boundaries

## Local Employment Sites

5.9 **Site 1: Kingsgate Road** (0.29 ha) is a small site located 300m due north of Kingston town centre and comprises the Kingsgate Business Centre and a two storey 1950s building used for light industry. It forms part of the North Kingston Development Area that also includes the adjoining Gas Holder site, Kingston College buildings and Kingsgate surface car park. Local access to the site from the town centre involves crossing the busy A308 that runs along part of the site. Some of the office and light industry floor space is currently vacant, and could be difficult to re-let considering the condition of the premises. Development of the small site in isolation is unlikely considering the proposed transformation of the North Kingston Development Area as a whole. Overall, this employment site performs adequately but has the potential to be enhanced through the redevelopment of the entire North Kingston area.

5.10 **Site 2: Old London Road** (0.81 ha) is situated in the Kingston town centre area around 300m south of the railway and bus stations. While the majority of the site contains retail and residential uses, a number of small office units are also located within the area. Well-designed pedestrian access links the site with the town centre, while connecting roads link the site with the A3. Although

there is some car parking provision on Old London Road and the surrounding back lanes, this can create a congested streetscape at peak times. Premises are mostly in good condition with several old buildings renovated into high-quality small office units (e.g. Kopshop). Close proximity to town centre services and residential neighbourhoods makes the site attractive for smaller firms, which appears to be reflected by full occupancy. Overall, this is an attractive employment site for smaller office-based firms with close proximity to the town centre and its services and amenities.

- 5.11 **Site 3: All Saints Church** (0.31 ha) is a mostly undeveloped site that surrounds the listed All Saints Church in Kingston town centre. The site comprises open space and commercial premises that adjoin the historic building. Being within a town centre location, the site is well served by pedestrian and public transport access, and is also in close proximity to the A308 link road. Office floor space in the site is small to medium sized, and is located above ground floor shops. A seemingly high level of vacancy in the site, particularly on Clarence Street, does not reflect the prime location and condition of the premises. Redevelopment of the vacant open space provides a short term prospect for intensification, although barriers will exist in relation to the impact it will have on the historically listed landmark. Overall, this is a prime location within Kingston town centre that is currently achieving a relatively low level of activity within its commercial office premises.
- 5.12 **Site 4: Kingston Retail Core** (8.60 ha) encompasses mainly office premises along parts of Clarence Street, Fife Road and around Eden Walk Shopping Centre. Strategic access is via the train station and A308 to the north, while local access is via bus routes, pedestrian networks and parking facilities. It offers a vibrant location for a range of firms, with premises varying by floor space and condition. Reflecting the minimal amount of modern development occurring in the town centre, the majority of office units remain of older stock. There is also a high proportion of office space available for letting. Overall, Kingston town centre offers an unmatched critical mass within the Borough, but a lack of suitable premises within the town centre seems to have deterred interest from prospective occupiers and there is evidence of vacant premises that remain unattractive to modern business occupiers.
- 5.13 **Site 5: Market Place** (1.08 ha) is a group of commercial premises surrounding the historically significant market place in Kingston town centre, largely comprising small offices located above ground floor shopping units. Access to the highly pedestrianised area is primarily through the nearby train station, bus services, car parking facilities and the A308 to the north. It benefits from a prime location in the town centre, but still displays a significant proportion of vacant office units. With no modern, high-grade premises in the area, the range of available office units is limited to older stock. To support the town centre area, renovation or redevelopment of the existing premises is needed to boost the market attractiveness of the prime town centre location. The ancient market is currently undergoing redevelopment with the market house being restored, and this wider regeneration may stimulate redevelopment of commercial premises in due course. Overall, the market attractiveness of the

site is reduced by a lack of high-quality office premises meeting market need, which has resulted in higher vacancy levels.

- 5.14 **Site 6: St James Road** (0.14 ha) is a large, single occupier site located at the junction of the A307 and A240 in Kingston town centre. It is fully taken up by a seven storey office building of older but adequate condition, and is presently occupied by the multinational company Unilever. Access to the site is made possible through surrounding bus stops, a short walk to the railway station and the provision of a large car park building attached to the site to the north. While the office site is currently occupied, it could be challenging to attract other tenants to the site if the current occupier was to relocate. Further development of the small site is also unlikely considering the lack of available land and the natural constraint of the Hogsmill River enclosing the site to the south. Overall, the site is performing well within Kingston town centre considering the large office floor space is entirely occupied by a notable multinational corporation.
- 5.15 **Site 7: Guildhall Complex** (1.11 ha) forms a part of the Old Town Conservation Area in Kingston town centre. It accommodates the Guildhall, a large five storey Council office block and a two storey mixed use building. As a prime location in the town centre area, the site is served by relatively good pedestrian routes both within and around the complex. Local access is also delivered from nearby bus stops, a short walk to the train station and underground car parking. Buildings within the site are of excellent condition and are occupied by Local Council and County Court operations. Potential intensification of the site exists with the open yard in the middle of the complex, although redevelopment would need to consider the listed building and Hogsmill River located within the site. Overall, this is a good quality employment site that benefits from a prime location at the heart of Kingston town centre.
- 5.16 **Site 8: High Street** (1.94 ha) forms the south-west part of Kingston town centre and is bordered by the Thames River to the west. It is strategically positioned in walking distance to Kingston railway station and along the A307 link road. Local access to the town centre is via bus services, pedestrian routes and some car parking facilities within the town centre. Office premises found within the site range from small first floor units to large office blocks, and are mostly of a reasonable quality. Despite a relatively prime location both next to the town centre and rejuvenated riverside, a high proportion of premises are vacant. No identified development constraints exist, but the full take up of available land means development would most likely be through redevelopment or renovation. Overall, this is another reasonable employment site within Kingston town centre that has the potential to increase its presence within the local market.
- 5.17 **Site 9: Surrey County Council Buildings** (1.92 ha) is a small site containing the Grade II listed Surrey County Halls and the adjoining office buildings. It is located in the southern part of Kingston town centre where strategic access to the A240 is provided. Regular bus services and on-site parking enhance local access to the site. It is largely characterised by the prestigious heritage



buildings and landscaping of the County Hall, while the adjoining uses include the Kingston University campus, Crown Court buildings and residential areas. The adjoining office buildings within the site seem to be largely underutilised, with some of the floor space currently used for community activities. Further, there is open space alongside the office block that is currently used for parking that could be considered for redevelopment. Overall, this employment site performs well but opportunities do exist to improve the adjoining office buildings within the site.

- 5.18 **Site 10: Shortlands Road Area** (29.54 ha) is a large site due north-east of Kingston town centre comprising primarily residential and small retail shopping premises. It has adequate strategic access with close proximity to Kingston train and bus stations, and the A308 and A238 link roads. Buses also service the site, but constrained suburban roads and limited car parking makes the area less accessible. The only identified commercial premises was a three storey building on Canbury Park Road that provides serviced office and workshop studios. It is a fully developed site of older stock, with some vacancy evident. It is unlikely that short term development of this site, or other premises in the area, will occur considering the residential character and low profile of the area in the commercial market. Overall, this predominately residential area has limited employment premises, and limited prospects for further development.
- 5.19 **Site 11: Norbiton Area** (17.63 ha) lies just outside Kingston town centre to the east, about 500m from Norbiton train station. Notable office premises are situated along the A308, while some smaller office and light industry sites are also found in the more residential areas. Local access is via regular bus services, and off-street parking provided in most of the larger sites. Lack of parking and crowding can be an issue for the suburban sites. While not a prime location relative to Kingston town centre, it does contain a number of modern office premises that benefit from the strategic location. However it could be difficult to re-let some of the buildings if tenants were to relocate, with some vacancies already prevailing. For the most part, sites are fully taken up and no development constraints exist. Overall, this employment site services the secondary commercial premises market within Kingston relatively well, and has a number of good quality office buildings.
- 5.20 **Site 12: Victoria Road Area** (11.77 ha) is a mostly residential area situated on the fringe of Kingston town centre, comprising only a minimal amount of small, older commercial premises. It has good strategic access to the railway station in Kingston, and also benefits from proximity to the A308 and A2043. However local access is largely restricted to bus routes along Cambridge Road and little car parking provision. Office and light industry premises are of mostly declining condition, despite relatively high occupancy rates in the area. Some prospects to redevelop are made available through a vacant plot within a small cluster of premises. Redevelopment of these low grade premises would help enhance the attractiveness of the area and improve the suitability with adjoining housing. Overall, this is a relatively weak employment site as it only comprises

a small number of older commercial premises within a sub-prime market location.

- 5.21 **Site 13: Southsea Road** (1.72 ha) is a small site located on the A240 between the main urban centres of Kingston and Surbiton. It comprises office and light industry units that cater for small to medium sized firms. The more prestigious, renovated office buildings are situated on the A240, while more modest light industry and workshop units are located on Southsea Road. While regular bus routes service the site, inadequate car parking provision tends to congest the narrow roads and create an unappealing streetscape. High levels of occupancy characterise the site despite some premises being of below average condition, which reflects a need in the lower end of the market being filled. It is unlikely that further growth can occur in the site considering all available land has been fully taken up. Overall, this small employment site performs adequately considering the below average premises it accommodates, but redevelopment opportunities do exist.
- 5.22 **Site 14: Horace Road Area** (7.17 ha) contains some office premises and light industry workshops within a residential neighbourhood. Access is constrained by narrow roads, poor car parking provision and no bus service immediately adjoining the site. However it is within a 15 minute walk from Kingston town centre and benefits from proximity to local labour supply. Premises are of second hand stock but decent quality, and display a good level of occupancy. Existing premises provide floor space for small and medium sized firms. Attractiveness of the work space is reduced by congestion from street parking, particularly along Horace Road. The expansion of the site is not only restricted by surrounding housing and campus land uses, but also by the Hogsmill River that borders the site to the north. Overall, this employment site offers reasonable premises but is situated within a constrained location, resulting in the employment site performing relatively poorly.
- 5.23 **Site 15: Kingston Road** (10.82 ha) is a relatively large site to the west of New Malden town centre, mostly comprising housing and small main street shops. It also contains some office floor space of limited size along the main road and in the suburban areas. These premises have good strategic access to the railway station in New Malden and the junction to the A3. Local access is via both off- and on-street car parking, and good bus services along Kingston Road. Located within a dense urban area, the site benefits from proximity to local services and labour, but is restricted in development by a lack of available land. Except for a modern two storey office block development, premises are of older stock that would principally appeal to smaller local businesses. Overall, the good access to New Malden and the junction with the A3 help make this an adequate site for employment, although the condition of the current stock limits its current value.
- 5.24 **Site 16: Ewell Road** (3.33 ha) is located approximately 1 km south of the Surbiton train station and 2 km north of the A3 junction. It comprises a mix of shops, housing and offices along the main road, and some small light industry space within the suburban area. While offices are largely of small to medium

scale, and located above ground floor retail units, the Millbank House offers a large, modern office building with a prestigious setting. Local access to the site is via bus services on Ewell Road, with limited car parking provision in the area except for Millbank House. Despite some vacancies existing, the site lies along a vibrant main road that would be expected to appeal to a variety of office-based businesses in the market. Further development would be constrained by a lack of available space. Overall, this site performs well and benefits from the vitality of the main street and proximity to the rail links from Surbiton.

- 5.25 **Site 17: Tolworth Suburb** (2.63 ha) lies within a residential community, comprising a small amount of office units that are limited to the use of small local firms. It is strategically positioned around 1 km from the A3 junction and a 20 minute walk to Tolworth train station. Some bus services run along Red Lion Road, but only minimal car parking is available along the narrow street. Office units within the site are characterised as small, second hand premises, with some of the vacant stock falling into disrepair. Located in a suburban area away from town centre activities could limit the attraction to firms. While further development in the dense residential neighbourhood would be difficult, there are prospects to redevelop a vacant strip of commercial premises in the site. Overall, this is one of the lower performing employment sites in the Borough due to its suburban location, lack of suitable premises and high vacancy rate.
- 5.26 **Site 18: Hook Road** (11.69 ha) is a large site comprising mostly residential and retail uses, with some small to medium sized office and light industry space. It is strategically located along the A243 near the A3 junction, and is also in close proximity to Tolworth railway station. Local access to the office units on the A243 is via good bus services but minimal car parking, while the industrial site allows for greater car parking provision. No modern developments exist within the site, with the commercial premises of typically older stock. The larger light industry site is located to the south of the A3 off the main road, and is currently occupied by BT Fleets. Most of the floor space within the site is occupied, but the low market attractiveness could make re-letting the premises difficult. Overall, this is an average employment site within Kingston despite its good strategic access to the junction with the A3.

## Locally Significant Industrial Sites

- 5.27 **Site 19: St George's Industrial Estate** (2.02 ha) is located around 2 km north of Kingston town centre adjoining the residential area of Ham. While located on the A307, it is relatively isolated from major roads that connect with the remainder of the sub-region. However strong local access is provided via bus services, on-site car parking and wide internal roads. Containing one large office block and a number of medium to large industrial and warehousing units occupied primarily by trade counters, the industrial site benefits from a high-quality work environment and good market attractiveness. No obvious development constraints exist within the site, but fully taken up land and almost complete occupancy makes further development of the small industrial estate unlikely over the short term period. Overall, this employment site benefits from

a well-designed and fairly modern site, but its relatively poor strategic location detracts from its performance.

- 5.28 **Site 20: Canbury Park** (1.80 ha) lies in the northern fringe of Kingston town centre with close access to the train and bus stations, and the A308 link road. Several sites comprise the employment area, with mainly smaller units provided for office, light industry and trade warehousing uses. While good local access is delivered from the town centre location, the site suffers from narrow roads that bisect the area and make access for larger vehicles difficult. The adjoining sites include commercial, residential and open space uses. Generally, the conditions and occupancy rates are above average, particularly the floor space at Canbury Business Park, which reflects the prime location of the site. Fully developed and within a dense urban area, it is unlikely that further expansion could occur. Overall, this is relatively good quality employment site that benefits from close proximity to the town centre and reasonable conditions of premises.
- 5.29 **Site 21: London Road** (1.90 ha) comprises a number of office units and light industry workshops along the A308 link road, located within strategic proximity to the Kingston town centre. Local access is via bus routes and generally adequate car parking within premises, which helps generate an appealing streetscape along London Road. Some housing adjoins the site, but commercial premises appear to be compatible with the surrounding land uses. Commercial premises accommodate both large and small businesses, and are nearly all of high-quality. Notable premises include a number of large, single occupier office buildings and several older buildings that have been renovated into small office units. While no obvious development constraints exist, the dense urban location and high occupancy rate means that further short term site development is unlikely. Overall, this is one of the best employment sites in the Borough with a good quality supply of both small and large commercial premises.
- 5.30 **Site 22: Cambridge Road and Hampden Road** (0.71 ha) is a small site located on the A2043 between Kingston and New Malden, comprising an assortment of mostly auto service and industrial premises. While some car parking is offered within the site, much of the commercial frontages are congested with vehicles, particularly along Hampden Road. Surrounding land uses include housing and the Kingsmeadow playing grounds. Premises are of older stock and average condition, but high occupancy rates suggest reasonable levels of demand exist for space in the site. Overall, this is a below average performing employment site that suffers from limited overall market appeal attributed to its prevailing accessibility and condition.
- 5.31 **Site 23: St John's Industrial Area** (9.09 ha) is strategically positioned along the A2043 to the west of New Malden town centre, within 2 km of the A3 junction. Local access via bus services is provided along the A2043, while internal access is constrained by relatively poor site layout, narrow roads and congested street parking. Bordered by railway lines to the north and south, it is mostly surrounded by residential and commercial land uses. Despite a

relatively low profile, strong levels of activity and only partial vacancy seem to exist. Commercial floor space is of all older stock and includes industrial, warehousing, trade counter and office (i.e. Kingspark Business Centre) uses. Opportunities to intensify the site could potentially exist by making use of vacant plots, which could help boost the market appeal. Overall, this is a relatively good quality employment site that encompasses a range of commercial premises and potentially some scope for further development.

- 5.32 **Site 24: Fairfield Trade Park, Kingsmill Business Park and Villiers Waste Transfer Facility** (5.08 ha) are three adjoining sites located between Kingston and Surbiton. Local access is well-designed with wide entrances and adequate parking provision, although congestion occurs in Fairfield with cars spilling onto the access. Contained within the sites are offices, light industry, warehousing and flexible floor space, while Villiers' accommodates civic amenities. Overall, the sites offer modern, appealing space that is reflected in low vacancy levels. It is surrounded by the sewage treatment works, housing, a cemetery, and open space, which could constrain future expansion of the site, while the Hogsmill River that bisects the employment site also acts as a barrier to development. Overall, this high-quality employment site contains a variety of fairly modern office and industrial floor space.
- 5.33 **Site 25: Red Lion Road** (3.77 ha) contains the modern Chancery Gate Business Centre, and a mix of older industrial and warehouse units. It lies in a suburban area of Tolworth surrounded by housing, a recreation centre, a school and open playing fields. The site benefits from proximity to urban amenities and strategic access to the A3 which is approximately 500m from the site. While some bus transport is available in the vicinity, narrow suburban roads make access to the site more difficult. Poor internal access and congestion indicates an inefficient use of the site, while a piece of land also remains undeveloped (i.e. presently used as a car show room lot) that could be used for intensification. The site exhibits a high level of occupancy and expansion into the seemingly unused adjoining field could be considered. Overall, this is a relatively poor performing employment site in the Borough in part due to its suburban location and internal condition.
- 5.34 **Site 26: Silverglade Business Park** (2.15 ha) is a medium sized estate located along the A423 within the small settlement of Malden Rushett. The position of the site benefits from strategic access to the M25 junction that is just 3 km to the south, but is otherwise isolated from the services and amenities of built up urban areas. Access into and within the site is well designed with wide roads, an abundance of car parks and landscaped areas helping to make the park an attractive place to operate. Despite the estate providing relatively high-grade business and light industry premises, some vacancies still exist amongst the light industry units. Further development of the site is largely hindered by the site already being fully built out and its location within the Green Belt reducing prospects to expand. Overall, this is a high-quality employment site which suffers from its isolation from other major urban services.

## Strategic Industrial Locations

- 5.35 **Site 27: Chessington Industrial Area** (34.91 ha) is located near the A3 in the mostly residential area of Chessington. It is the largest industrial area in the Borough and accommodates space for a mix of business and industrial uses. As expected in such a large site, a variety of premise conditions and a certain level of vacancy exist. Several bus routes offer links to the area, although local access is hindered by the network of suburban roads to the east. Internal roads within the site are also largely congested with street car parking slowing traffic flows, particularly for heavier vehicles. Surrounding uses include housing to the south and west, the A3 to the north and open land to the east. Opportunities to further intensify and expand the large, high-profile industrial area appear to exist. Overall, this large employment site is a well performing industrial location, benefiting from its critical mass and close proximity to the A3.
- 5.36 **Site 28: Barwell Business Park** (7.58 ha) is a large site located on the fringe of Chessington on the A423, around 4.5 km north of the M25 junction. Access is delivered via regular bus services and ample car parking on-site. The business estate offers a range of premises for office, hi-tech, trade warehouse, industrial and distribution uses, within a well-designed and modern environment. It is fully developed with no real potential to intensify, although a relatively high amount of vacancy remains within the estate. For the most part, Green Belt land adjoins the park to the east, west and south, while some residential areas exist to the north. It fits in well with surrounding uses but is limited in further expansion by Green Belt land and the railway lines and Coal Depot to the immediate east. Overall, this is one of Kingston's highest quality industrial locations and important employment sites within the Borough, although its isolation from main centres is a key drawback.

## District Centres

- 5.37 In addition to the employment sites considered above, a number of the Borough's District centres have also been appraised. It is more difficult to assess these centres in the same way as for sites in or allocated purely for B Class use since the criteria used earlier are not always applicable. For this reason, rather than try to score and rank these locations, a more general comment is made on each below.
- 5.38 **New Malden District Centre [29]** (16.90 ha) lies in the eastern part of the Borough, around 4 km due south-east of Kingston town centre. It is strategically located to benefit from good access with the sub-regional rail network and the junction with the A3. Comprising mostly retail units along the High Street, and encircled by residential areas, the site only offers a small number of office premises. The office space in the district centre is dominated by the fairly modern Apex Tower and CI Tower developments adjoining the railway station, and to a lesser extent, the older office stock found on Blagdon Road. Proximity to a major labour supply and good local access via train and bus services, and parking facilities adjoining each of the office towers, have helped strengthen their market attractiveness. In contrast, the declining office

premises on Blagdon Road prompt less market appeal and have a higher amount of vacant floor space, with potential for these sites to be redeveloped in future. Overall, New Malden appears to be a relatively high-quality and well performing employment area.

- 5.39 **Surbiton District Centre [30]** (11.90 ha) is situated about 2 km south of Kingston town centre, and benefits from the strong strategic access it offers to commercial tenants via Surbiton railway station (which benefits from some of the most convenient rail links and frequent services in the Borough). While less accessible to the A3 junction around 2.5 km to the south, the area does benefit from reasonable local access via bus and train routes, and adequate car parking provision. The commercial floor space found in the district centre is largely located around the main street, which delivers an appealing streetscape for occupiers. Despite the supply of office premises varying by size, age and state, a number of notable office premises in close proximity to Surbiton train station tend to dominate the supply of space. Overall, attractiveness of Surbiton is centred on its supply of modern premises within an appealing district centre setting, and good strategic access to the sub-region, which is reflected in its relatively low vacancy rates. Overall, Surbiton is a strong employment area that benefits from good strategic access and a number of large, modern commercial office premises.
- 5.40 **Tolworth District Centre [31]** (8.00 ha) is positioned alongside the A3 in the heart of the Borough, about 4 km to the south-east of Kingston town centre. The smallest of the district centres, it primarily accommodates space for small retail uses along Tolworth Broadway, notwithstanding Tolworth Tower that provides a significant amount of commercial office floor space. Local access is via buses and trains, and car parking is offered within the Tolworth Tower premise. Access is largely influenced by road use, with the A3 a significant presence that tends to detract from the amenity of the site for prospective occupiers due to noise issues. A major workforce supply surrounds the district centre in the suburban areas and some urban services are located within the site vicinity. While the Tolworth Tower provides a large, relatively modern office development, vacancies have historically existed in the site resulting in part of the available floor space being redeveloped into a hotel a number of years ago. Overall, Tolworth is an average employment area that relies on the Tolworth Tower for its provision of commercial floor space, with a strong reliance upon car use potentially detracting from the areas attractiveness to prospective occupiers.

## Other Significant Sites

- 5.41 There are a number of other significant sites within the Borough that play a key role in supporting employment and enterprise. Although these sites have not been formally assessed as part of this study, some commentary on their economic significance and role is provided below.

## Chessington World of Adventures

- 5.42 Chessington World of Adventures Resort (CWoAR) is located in the south of the Borough, approximately 2km to the south of Chessington, and occupies a total area of 52 hectares. Much of the site is allocated as a Major Development Site (MDS) within the Borough's Core Strategy. CWoAR is one of the Country's leading family visitor attractions and forms an integral component of the tourism offer in the Kingston area, London and the wider south-east of England, recording over 1.4 million visitors in 2011.
- 5.43 Approximately 250 permanent staff are employed on the site across a range of disciplines and skills including professional (such as marketing, accountancy) skilled (e.g. engineering, zoo keepers) and semi-skilled jobs, with a further 1,000 additional staff employed on a temporary, seasonal basis. CWoA has a policy of recruiting staff locally, whilst nearly all skilled maintenance jobs are contracted out to local firms.

## Kingston University

- 5.44 Kingston University is one of the Borough's largest employers, with nearly 3,000 members of staff contributing around £500m to the local economy each year<sup>17</sup>. The University provides higher education to over 23,000 students, many of which are from the local area (nearly half of the University's students come from within a 10-mile radius of Kingston). Every year more than 6,000 students graduate from the University, generating a significant boost to the local workforce.
- 5.45 The University operates from a number of sites and campuses across the Borough including Penrhyn Road, Kingston Hill, Knights Park and Roehampton Vale. It recently completed a £50million campus development project and plans to invest up to £80million in its estate during the next five years. The University also has an active Enterprise Centre (based at the Penrhyn Road campus) that runs competitions, awards programmes and activities designed to foster entrepreneurship and encourage enterprising young people to get involved in business. This includes opportunities for local SMEs to work alongside students and alumni in start-ups, projects and masterclasses, as well as the 'Enterprise Programme' which provides expert mentoring, advice and guidance and financial support to start or grow a business idea.

## Kingston Hospital

- 5.46 Kingston Hospital is a district general hospital supporting approximately 320,000 people in the surrounding area of Kingston, Richmond, Roehampton, Putney and East Elmbridge. The hospital accommodates approximately 520 beds and directly employs 2,750 staff with a further 300 staff employed by contractors on behalf of the Trust.

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<sup>17</sup> <http://www.kingston.ac.uk/aboutkingstonuniversity/in-the-community/>



- 5.47 The hospital is located close to Norbiton Station to the north east of Kingston Borough. It is the largest single site district general hospital in South West London and significant investment has been made in recent years in an on-going programme of works to improve the facilities of the hospital through a combination of new facilities, refurbishment and maintenance. According to the Kingston Hospital NHS Trust's 2012-13 Annual Report<sup>18</sup>, £3.3m was invested in the financial year in major projects including the opening of the Assisted Conception Unit in Roehampton Wing and the relocation of Ear, Nose and Throat and Audiology.

## Conclusions

- 5.48 Overall, the assessments of existing and allocated sites indicate that the Borough contains a reasonable range of employment sites of differing quality and type, totalling just over 218 ha. The majority of sites assessed did not have any specific policy status (Local Employment Areas) but were assessed at the request of the Council due to their concentration of employment uses. Most of the sites accommodated a combination of both office (B1a/b) and industrial (B1c/B2/B8) uses, although some specific, single use sites were also evident.
- 5.49 The overall quality of existing employment sites appeared adequate to meet future needs with all sites of at least average quality. The assessment process identified seven high performing, good quality sites accounting for 14% of total supply and 21 (70% of supply) average quality. The remaining 17% of supply related to the three District Centres (New Malden, Surbiton and Tolworth) which were considered in qualitative terms rather than being assigned a score. A summary of these site rankings is provided in Table 5.2 overleaf. The broad categories of 'good' and 'average' quality are intended to provide a broad indication of the overall quality of employment land supply rather than a comparison of one site against another.

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<sup>18</sup> Kingston Hospital NHS Trust, Annual Report & Accounts 2012-13

Table 5.2 Summary of Site Ranking by Score

Site Ref	Site Name	Site Status	Area (ha)	Potential Uses	Score (/30)	Rank
21	London Road	Locally Significant Industrial Site	1.90	B1a, B1c	23	Good
2	Old London Road	Local Employment Area (no specific status)	0.81	B1a	22	
9	Surrey County Council Buildings	Local Employment Area (no specific status)	1.92	B1a	22	
16	Ewell Road	Local Employment Area (no specific status)	3.33	B1a, B1c	22	
23	St John's Industrial Area	Locally Significant Industrial Site	9.09	B1a, B1c, B1b, B2, B8	22	
24	Fairfield Trade Park, Kingsmill Business Park and Villiers Waste Transfer Facility	Locally Significant Industrial Site	5.08	B1a, B1b, B1c, B2, B8	22	
28	Barwell Business Park	Strategic Industrial Location	7.58	B1a, B1b, B1c, B2, B8	22	
4	Kingston Retail Core	Local Employment Area (no specific status)	8.60	B1a	21	Average
6	St James Road	Local Employment Area (no specific status)	0.14	B1a	21	
7	Guildhall Complex	Local Employment Area (no specific status)	1.11	B1a	21	
8	High Street	Local Employment Area (no specific status)	1.94	B1a	21	
11	Norbiton Area	Local Employment Area (no specific status)	17.63	B1a, B1c	21	
15	Kingston Road	Local Employment Area (no specific status)	10.82	B1a, B1c	21	
20	Canbury Park	Locally Significant Industrial Site	1.80	B1a, B1b, B1c, B8	21	
27	Chessington Industrial Area	Strategic Industrial Location	34.91	B1a, B1b, B1c, B2, B8	21	
1	Kingsgate Road	Local Employment Area (no specific status)	0.29	B1a, B1c	20	
5	Market Place	Local Employment Area (no specific status)	1.08	B1a	20	
12	Victoria Road Area	Local Employment Area (no specific status)	11.77	B1a, B1c	20	
26	Silverglade Business Park	Locally Significant Industrial Site	2.15	B1a, B1b, B1c, B2, B8	20	
3	All Saints Church	Local Employment Area (no specific status)	0.31	B1a	19	
10	Shortlands Road Area	Local Employment Area (no specific status)	29.54	B1a, B1c	19	
13	Southsea Road	Local Employment Area (no specific status)	1.72	B1a, B1c	19	
18	Hook Road	Local Employment Area (no specific status)	11.69	B1a, B1c	19	
19	St George's Industrial Estate	Locally Significant Industrial Site	2.02	B1a, B1c	19	
22	Cambridge Road and Hampden Road	Locally Significant Industrial Site	0.71	B1c, B2, B8	19	
25	Red Lion Road	Locally Significant Industrial Site	3.77	B1a, B1b, B1c, B2, B8	19	
14	Horace Road Area	Local Employment Area (no specific status)	7.17	B1a, B1c	18	
17	Tolworth Suburb	Local Employment Area (no specific status)	2.63	B1a, B1c	17	
29	New Malden District Centre	District Centre	16.90	B1a, B1b, B1c	N/A	N/A
30	Surbiton District Centre	District Centre	11.90	B1a, B1b, B1c		
31	Tolworth District Centre	District Centre	8.00	B1a, B1b, B1c		
<b>Total</b>			<b>218.31</b>			

## 6.0 Future Requirements for Employment Space

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

### Approach

6.2 The NPPF requires local authorities to, “*set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth*” (para 21). In evidence base terms, this should be underpinned by, “*a clear understanding of business needs within the economic markets operating in and across their area*” (para 160).

6.3 In this context, a number of potential future economic scenarios have been developed through this study to provide a framework for considering future economic growth needs and B Class employment space requirements in Kingston over the period to 2031. These scenarios draw on:

- a projections of employment growth in the main B class sectors (**labour demand**) derived from economic forecasts produced by Experian and the GLA;
- b consideration of **past trends in completions of employment space** based on monitoring data supplied by Kingston Council, and how these might change in the future;
- c estimating future growth of **local labour supply** based on a demographic projection contained in the recently updated Town Centre Study (November 2013) and the amount of jobs and employment space that this can support.

6.4 All these approaches have some limitations and consideration needs to be given as to how appropriate each is to circumstances in Kingston. In addition, to be robust, the economic growth potential and likely demand for employment space in Kingston needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future.

6.5 It should also be noted that the ultimate judgement as to the level of need for which Kingston should plan is not purely quantitative, and that there will be qualitative factors (set out elsewhere in this report) that must be considered alongside the modelled scenarios in this section, and which will influence the future employment space requirements that need to be planned for.

### a. Forecasts of Job Growth

6.6 Forecasts of job growth for Kingston for the period up to 2031 were obtained from Experian (September 2013 quarterly release). It should be emphasised that such forecasts tend to be most reliable at national and regional scales and

consequently less so at the local economy level, but they are widely recognised as a valuable input to indicate the broad scale and direction of economic growth in different sectors to help assess future employment space requirements.

## Scenario 1: Baseline Job Growth

- 6.7 The forecasts of job growth by sector used here reflect recent trends and are based on projections at regional level, and how economic sectors in Kingston have fared relative to the London region's growth in the past. These forecasts also reflect the current economic climate, and should be viewed in the context of the inevitable uncertainty surrounding levels of future economic growth. They do not take account of whether a property market will support the achievement of this job growth in terms of provision of new space, or indeed whether other factors, such as transport connectivity, working patterns, or technology may change the locational choices that workers and employers make – all of this may be relevant, particularly in the context of a large urban area.
- 6.8 This indicates overall growth of 19,700 jobs forecast for the Borough over the 18 year period (Table 6.2), equivalent to 1,094 jobs per year. Table 6.1 presents the fastest growing sectors under this scenario alongside those sectors expected to see a decline in employment while Figure 6.1 compares past and future job growth in Kingston by sector in order to understand the pattern of change within key sectors of the Borough's economy. A full breakdown of baseline job growth by sector (including non B class sectors) is presented in Appendix 7.

Table 6.1 Fastest growing and declining sectors in Kingston 2013-2031 (Baseline)

Sector	% Change 2013-2031	Additional Jobs 2013-2031
Finance and Insurance	54.1	1,000
Professional Services	38.4	2,850
Computing and Information Services	35.4	1,400
Admin and Support Services	35.1	4,460
Media Activities	29.6	240
Accommodation and Food Services	27.0	1,300
Other Private Services	26.0	810
Residential Care and Social Care	25.4	1,270
Manufacturing	-10.8	-170
Public Admin and Defence	-22.2	-650

Source: Experian/NLP analysis, 2013 - total jobs including self-employed

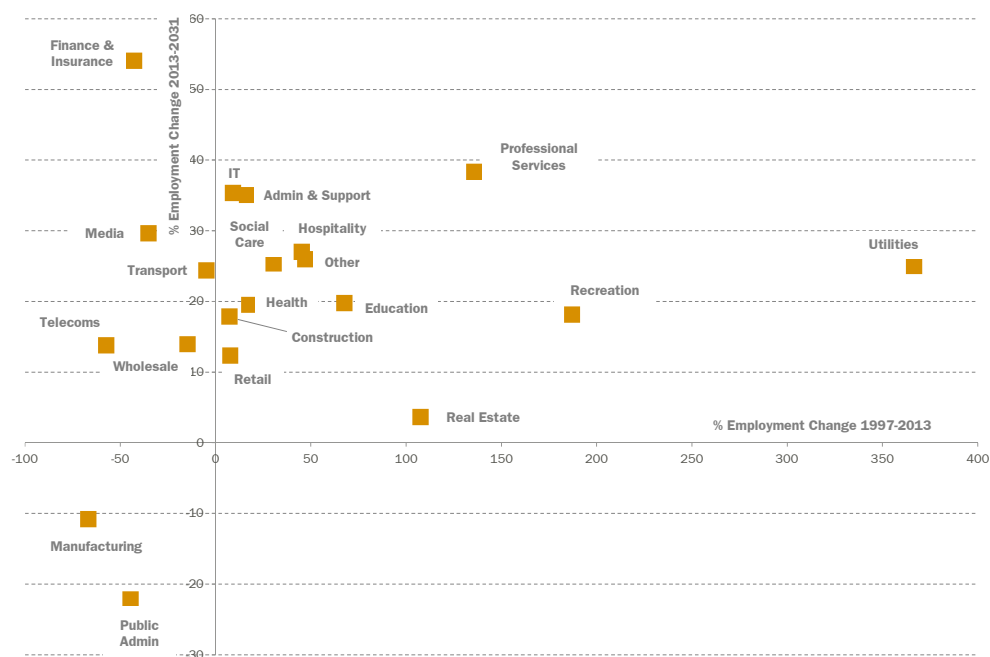
Key: **B Class**; **Part B Class**; Non B Class

- 6.9 This indicates that the business, financial and information services sectors are expected to drive the majority of employment growth in the Borough over the next 18 years. Growth in the financial and information services sectors is

forecast to occur at a higher rate than these sectors have recorded over the last 16 years (1997 to 2013), although job growth in the professional services sector is expected to slow compared with past trends.

6.10 The former trend is echoed across the Borough’s economy, with the baseline scenario implying total annual job growth (1,094) which is approximately 60% higher than the level of job growth achieved in the Borough in the recent past (675 jobs per annum between 1997 and 2013). This points to a significant acceleration of the economy in employment terms under the baseline scenario.

Figure 6.1 Employment Growth in Kingston (1997 to 2013 and 2013 to 2031) (Baseline)



Source: Experian 2013 / NLP analysis

6.11 The overall employment change in Kingston resulting from these Experian forecasts is shown in Table 6.2 along with expected job growth in the main B class sectors. This includes an allowance for jobs in other non B class sectors that typically utilise industrial or office space, such as some construction uses, vehicle repair, courier services, road transport and cargo handling and some public administration activities (see Appendix 6).

Table 6.2 Forecast Employment Change in Kingston 2013-2031

	No of Jobs		Change
	2013	2031	2013-2031
Manufacturing (B1c/B2)*	3,790	4,000	210
Distribution (B8)**	5,230	6,040	810
Offices (B1a/b)***	19,270	25,930	6,660
<b>Total B-class Jobs</b>	<b>28,290</b>	<b>35,970</b>	<b>7,680</b>
<b>Jobs in All Sectors</b>	<b>87,950</b>	<b>107,640</b>	<b>19,700</b>

Source: Experian / NLP analysis, 2013 - total jobs including self-employed - Totals rounded

\* includes vehicle repair and some construction activities \*\* includes parts of transport & communications sectors that use industrial land \*\*\* includes publishing and a proportion of government offices

- 6.12 These indicate relatively high overall net job gains (7,680 jobs) in the B-use classes in Kingston over the period to 2031, with strong growth in office-based activities and minor gains in manufacturing and distribution jobs. This is within the context of overall job growth of 19,700 jobs predicted for the Borough over the period, which outside the B Class sectors will mainly be in the hospitality and social care sectors.
- 6.13 These job forecasts can then be converted to future employment space requirements assuming typical ratios of jobs to floorspace for the different B uses. To estimate space needs, the following average ratios have been applied:
- **Offices:** 1 job per 13.8sqm<sup>19</sup>
  - **Industry:** 1 job per 43sqm
  - **Warehousing:** 1 job per 65sqm is assumed for general, smaller scale warehousing (accounting for approximately 80% of Kingston's warehousing stock) and 1 job per 74sqm for large scale, lower density units
- 6.14 These assumptions take account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot-desking. This has resulted in a decrease in the amount of floorspace assumed per office worker compared to earlier guidance. The 2012 LOPR ratio of 1 job per 13.8 sq.m has been applied because it is comparable with the existing pattern and nature of floorspace occupation within the Borough of Kingston, and is based on surveys of office space use in London. For example, an analysis of the latest available VOA office floorspace data (excluding vacant office space currently being marketed) and office based jobs indicate that each office worker in Kingston utilises about 13.8 sq.m of floorspace.
- 6.15 The industry employment density (1 job per 43sqm) is similar to the outer London density<sup>20</sup> adopted by analysis for the Land for Industry and Transport SPG. The warehousing density differs from the Industry and transport SPG methodology (which applies a density of 1 job per 44sqm for B8 workers) to reflect the low density nature of the Borough's distribution and warehousing.
- 6.16 An allowance of 10% is added to all positive floorspace requirements to reflect a normal level of market vacancy in employment space. Where a reduction in jobs is forecast, the associated negative floorspace was halved, to reflect the fact that not all of this employment space is likely to be lost.

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<sup>19</sup> This reflects the employment density used to inform the base case for demand forecasts in the LOPR 12 and differs slightly from the HCA/Offpat benchmark of 12.5sqm per worker

<sup>20</sup> The GLA Industrial Land Demand and Release Benchmarks in London Technical Report uses an employment density per B2 worker of 44sqm

Table 6.3 Experian Job Growth based Employment Space Requirements in Kingston, 2013-2031

	Floorspace (sq.m)
Manufacturing (B1c/B2)	9,770
Distribution (B8)	59,680
Offices (B1a/b)	101,090
<b>Total</b>	<b>170,540</b>

Source: NLP analysis

- 6.17 This forecast net increase of 7,680 B Class jobs over a 18-year period (to 2031) which underpins this estimate of future employment space needs, is equivalent to an average of 427 additional B Class jobs respectively each year. This is significantly higher than the job growth achieved in Kingston over the period 1997-2013 when Experian data indicates that B class jobs in the Borough decreased by approximately 30 jobs per annum. On the basis of past performance, the above employment space forecasts could be regarded as a more optimistic estimate.

## Scenario 2: GLA Job Based Estimate

- 6.18 An alternative, job-based estimate of future needs has been compiled using GLA forecasts of office jobs growth in Kingston contained in the London Office Policy Review 2012 (LOPR) and of industrial job change set out in the GLA London Employment Time Series paper<sup>21</sup> which provide Borough level employment forecasts to 2031. These industrial job forecasts are constrained by land supply and other factors. As shown in Table 6.4, these forecasts point to a loss of 2,430 industrial jobs in the Borough over the period 2013-2031, offset by an increase in 2,720 office-based jobs.

Table 6.4 Forecast Employment Change in Kingston 2013-2031

	No of Jobs		Change
	2013	2031	2013-2031
Industrial (B1c/B2/B8)	10,330	7,900	-2,430
Offices (B1a/b)	20,470	23,190	2,720
<b>Total B-class Jobs</b>	<b>30,800</b>	<b>31,090</b>	<b>290</b>

Source: LOPR 2012 / GLA London Employment Time Series Technical Report 2010 (figures pro-rated to reflect the 18 year study period 2013-2031)

- 6.19 These employment forecasts were then converted to floorspace requirements in a similar way to Scenario 1 above (including a 10% vacancy allowance), and by applying Experian proportions of B1c/B2 and B8 jobs to industrial employment in 2013 and 2031. The GLA forecasts are much less optimistic in terms of office job growth in the Borough and more pessimistic in terms of industrial employment, indicating an overall loss of industrial jobs over the period compared with a slight gain implied by Experian data.

<sup>21</sup> GLA London Employment Time Series, Technical Report, March 2010, Roger Tym & Partners – the employment projections set out in the report are used to inform Industrial Land Demand and Release Benchmarks. Although updated GLA employment projections were released in 2013, the breakdown by office and industrial is not yet available

- 6.20 This job growth approach generates a very low level of B class employment growth in overall terms by 2031 (equivalent to 16 B class jobs per year) and could be considered to form a scenario that reflects slower economic recovery generally. It produces a modest net reduction in B class space overall (32,520sq.m) while only a moderate amount of office space is required (41,330sq.m), less than half the amount indicated by the Experian job based estimate.

Table 6.5 GLA Job Growth based Net Employment Space Requirements in Kingston, 2013-2031

B Class Sector	Job Change 2013-2031	Net Floorspace Requirement (sqm)
Industrial (B1c/B2/B8)	-2,430	-73,850
Offices (B1a/b)	2,720	41,330
<b>Total B-class</b>	<b>290</b>	<b>-32,520</b>

Source: NLP analysis Note: totals rounded

- 6.21 It is important to note that the employment projections adopted by both the 2012 LOPR and 2010 GLA London Employment Time Series paper are now a number of years old and were prepared within the context of significant uncertainty surrounding economic prospects. These under-lying macroeconomic assumptions have subsequently been upwardly revised as the national economy recovers and re-enters a period of (albeit limited) growth. This scenario therefore provides a much less robust basis for planning for economic growth as it is derived from a set of out-of-date economic projections which no longer reflect current, more optimistic macroeconomic assumptions. They are also not objective assessments as framed by the NPPF and PPG as they take into account supply-side factors, such as availability of land.
- 6.22 It should also be noted that the Mayor has recently published Draft Further Alterations to the London Plan (FALP) which includes updated employment projections for each London Borough to 2036. However these projections provide an insufficient breakdown of employment by individual sector to be able to model employment space requirements (i.e. to convert jobs to B class land uses) and have therefore not been considered by this study. Furthermore, the 'triangulated' figures in the FALP combine three sets of employment projections based on historic trends, transport accessibility and site capacity and, as with the 2012 estimates, they cannot be accurately compared with the baseline job growth scenario (scenario 1).

## b. Past Development Rates

- 6.23 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs. Completions over a period such as 10 years or more should even out demand fluctuations over a business cycle and normally provide a reasonable basis for estimating future needs provided land supply has not been unduly constrained. Whereas employment forecasts show growth in net terms, past trends-based



assessments take account of development that has made up for the redevelopment of employment sites and from the recycling of sites.

### Scenario 3: Past Development Rates

- 6.24 Data on past completions by B class sector was provided by RBK. Completions in the period 2003-2013 have been analysed, since this is a reasonably long period that reflects a full business cycle with periods of both economic growth and recession. Over this period, average annual net completions for B Class uses amounted to some -1,320sqm, broken down as shown in Table 6.6. Gross completions were significantly higher, at an average of 4,710sqm annually, but this masks significant losses of employment space in development schemes.

Table 6.6 Annual Completion Rates in Kingston, 2003-2013

Sector (Use Class)	Net annual completion (sqm)	Gross annual completion (sqm)
B1	-2,140	1,040
B2	880	1,410
B8	-60	2,260
<b>All</b>	<b>-1,320</b>	<b>4,710</b>

Source: RBK Monitoring Data

- 6.25 One picture of future growth in Kingston could simply assume that past development rates continue at the same rate as the past decade. This would assume that past trends of significant office losses continue. However, it seems unlikely that losses of office space can continue indefinitely at previous high rates (albeit they may remain above trend in the short-term owing to the office-to-residential permitted development rights), if only because the stock of older outdated office space which has given rise to high levels of losses is reducing over time. An initial assumption might be that future office space losses reduce in scale to the extent that net (negative) office completions are only half the level recorded over the past 11 years, but average changes in industrial and warehousing space continue to reflect past long term trends.

- 6.26 Applying these rates over the next 18 years would equate to a negative requirement for B-class space of 4,500sq.m, predominantly offices (B1), by 2031 (Table 6.7). The negative office requirement could be even greater in the absence of the 50% moderating factor that has been applied.

Table 6.7 Employment Space Requirement based on Past Trends Continuing, 2013-2031

	Historic Net Floorspace Change p.a. (sqm)	Assumed Net Floorspace Change p.a. (sqm)	Net Floorspace Needs 2013-31 (sqm)
B1	-2,140	-1,070	-19,260
B2	880	880	15,840
B8	-60	-60	-1,080
<b>Total B Class</b>	<b>-1,320</b>	<b>-250</b>	<b>-4,500</b>

Source: NLP analysis \* totals rounded

- 6.27 This approach would give an alternative picture of future employment space requirements but relies on various assumptions about how completion rates will change in the future. In particular with regards to office uses, it is likely to underestimate future market demand as the scenario assumes that trends of constrained supply in the past (because of poor sites available, viability/funding factors and increasing pressure on employment land from higher value uses) continue over the plan period (albeit at a less significant scale).

### c. Future Labour Supply

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

#### Scenario 4: Labour Supply (population projections equivalent to 867 people p.a.)

- 6.29 The Kingston Town Centre Study<sup>22</sup> uses population estimates to calculate the need for additional retail floorspace across the Borough to 2028. It uses latest GLA Population Projections for the Borough which estimates that Kingston's population will increase from 162,100 to 175,100 over the plan period (2012-2027), equivalent to 867 per annum.
- 6.30 The labour supply implications of this scenario have also been modelled by NLP to take account of economic activity rates and future pension age changes outlined in current national policy. This provides an approximation of the number of people likely to be seeking work within Kingston as it allows for a proportion of the resident population commuting to jobs elsewhere and for some in-commuting.
- 6.31 The workplace labour supply forecasts indicate an increase of 3,650 workers in the Borough by 2031 (Table 6.8). From these forecasts, the number of B Class jobs required was estimated assuming one additional job would be required for each additional worker forecast and based on the existing and forecast proportion of B Class jobs within total jobs in Kingston.<sup>23</sup>

Table 6.8 Forecast Labour Supply/Job Requirement in Kingston to 2031

	Average per year (2013-2031)	Change 2013-2031
Resident labour supply	450	8,100
Workplace labour supply	203	3,650
<b>B-class job requirement</b>	<b>94</b>	<b>1,690</b>

Source: RBK / NLP analysis

<sup>22</sup> Royal Borough of Kingston upon Thames, Town Centre Study, November 2013

<sup>23</sup> Source: Experian baseline employment forecasts, 2013

- 6.32 The resulting job numbers were then translated into estimated requirements for B class employment floorspace by applying the same standard employment densities used in the job growth based approach and adding a 10% vacancy allowance. The floorspace estimates for manufacturing and warehousing space were combined since these two sectors typically occupy the same types of sites at similar development densities.
- 6.33 Overall, future employment space requirements based on meeting the job needs of local residents would mean approximately 27,310sqm B class employment space being required by 2031 (Table 6.9).

Table 6.9 B Class Floorspace Required from Labour Supply Growth

	Floorspace (sq.m)
Manufacturing (B1c/B2)	-4,350
Distribution (B8)	5,720
Offices (B1a/b)	25,940
<b>Total</b>	<b>27,310</b>

Source: NLP analysis

- 6.34 This labour supply based estimate provides a useful benchmark for comparison with labour demand approaches. Based on projected population increase of 867 p.a., this forecast produces a positive floorspace requirement that sits between the Experian job growth and negative GLA job based and past take-up scenarios. It should be noted that this approach purely captures the indigenous growth potential associated with Kingston's economically active population and therefore under-estimates the additional potential associated with non-residents such as inward investors and University and College graduates that have historically provided a key source of business start-up activity, but not all of which has remained/been captured within the Borough.

## Net Employment Space Requirements

- 6.35 Drawing together the results from these different approaches and growth scenarios, Table 6.10 summarises the net floorspace requirement up to 2031 arising from each.

Table 6.10 Net Floorspace Requirement to 2031 for Different Growth Scenarios

Scenario Use	Labour Demand / Job Growth		Past Development Rates	Labour Supply
	1. Experian Baseline	2. GLA Projections	3. Past Take-up	4. Labour Supply (867 pop p.a.)
Offices (B1a/b)	101,090	41,330	-19,260	25,940
Industrial (B1c/B2/B8)	69,450	-73,850	14,760	1,370
<b>All B uses</b>	<b>170,540</b>	<b>-32,520</b>	<b>-4,500</b>	<b>27,310</b>

Source: NLP analysis

- 6.36 These forecasts reflect a fairly wide range of potential space requirements. For industrial space, this would be between -73,850sqm (based on GLA job growth) and 69,450sqm (Experian baseline job growth) up to 2031. For office space, the range is similarly broad, between -19,260sqm (based on past take-up) and 101,090sqm (based on Experian baseline job growth).
- 6.37 As discussed above, the two scenarios based on GLA forecasts (scenario 2) and past take-up rates (scenario 3) provide a less robust basis for planning for economic growth. The GLA forecasts were prepared during a period of significant economic uncertainty while the requirements based on past take-up rates may have been unduly constrained by past losses of space (particularly for offices). They both represent an acceptance that the Borough will continue to 'punch below its weight' economically and fail to achieve its full economic potential.
- 6.38 In contrast, the two higher growth scenarios as implied by the labour supply (scenario 4) and Experian job growth (scenario 1) approaches represent a more aspirational trajectory of growth for the Borough. The Council should consider planning to accommodate at least the labour supply based requirement to ensure that the Borough's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity in future and aim some way towards the higher growth trajectory implied by the Experian employment projections which reflect the unconstrained potential of the Borough based on its existing business base, mix of sectors and inherent economic qualities. Realistically, the extent to which Kingston can achieve the higher target ultimately depends upon a range of market and policy factors some of which will be outside the Borough's immediate control.

### Safety Margin

- 6.39 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.
- 6.40 In a location like Kingston with a relatively constrained land supply and development pressure from other higher value uses, there is a need to ensure a reasonable but not over-generous additional allowance that provides for some flexibility but avoids over-provision of scarce land. However, it also needs to reflect that there may be potential delays in some of the Borough's development sites coming forward for development.
- 6.41 The SEEPB guidance on employment land assessments recommends an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For Kingston, the margins set out in Table 6.11 were added for B Class use based on two years of average gross take-up, as using two years of net take up data would produce a negative safety margin. This appears an appropriate level relative to the estimated scale of the original requirement.

Table 6.11 Safety Margin Allowances

Use	Average Annual Gross Take-up (sqm)	Safety Margin Added (sqm)
Offices (B1 a/b)	1,040	2,080
Industrial (B1c/B2/B8)	3,670	7,340

Source: NLP analysis

## Convert to Gross Floorspace Requirements

- 6.42 To convert the net requirement of employment space into a gross requirement (the amount of employment space or land to be allocated/planned for), an allowance is also typically made for some replacement of losses of existing employment space that may be developed for other, non B Class uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost in future and provides some protection against continued erosion of employment space in the Borough.
- 6.43 Judgements were made on the suitability and degree of the allowance for future losses which it would be appropriate to apply here based on analysis of supply-side deliverability factors and current trends in the market. Not all losses need to be replaced as some will reflect restructuring in the local economy, for example as less manufacturing space is needed in future.
- 6.44 In the past, loss of industrial space in Kingston has been driven by falling demand for and consolidation of, industrial (particularly B2) uses. However, manufacturing employment is forecast to increase in the Borough over the next 18 years (Table 6.2) and market demand for industrial space in Kingston has continued to remain strong. In order to ensure that industrial activity and growth is not constrained in the future, it has been assumed that 50% of industrial losses will be replaced each year, equating to 25,660sq.m by 2031 (or 1,425sq.m per annum).
- 6.45 In terms of offices, recent losses of floorspace in Kingston have to some extent been driven by the loss of older, redundant office space, for example large purpose built premises that are effectively redundant to current market requirements and lack occupier appeal. At the same time, it will be increasingly difficult to continue to replace losses due to the Borough's physical constraints and lack of readily available land for development. It is therefore considered inappropriate for the Borough to replace all office space that is lost in future and it has been assumed that 50% of office losses recorded over the last 11 years<sup>24</sup> will be replaced each year, equating to 28,600sq.m to 2031 (or 1,590sq.m per annum).
- 6.46 The resultant gross floorspace requirements incorporating these allowances are set out in Table 6.12 and Figure 6.2.

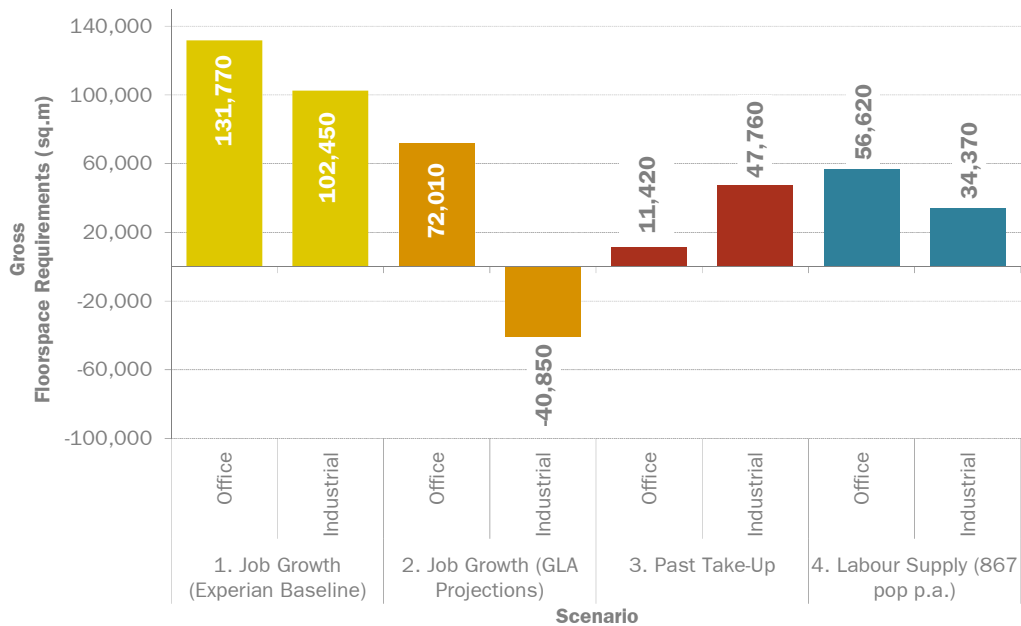
<sup>24</sup> Based on 2003-2013 RBK monitoring data – used as a proxy for future losses of employment space

Table 6.12 Gross Floorspace Requirement by Scenario to 2031 (sq.m)

	1. Experian Baseline	2. GLA Projections	3. Past Take-up	4. Labour Supply (867 pop p.a.)
Offices (B1a/b)	131,770	72,010	11,420	56,620
Industrial (B1c/B2/B8)	102,450	-40,850	47,760	34,370
<b>All B uses</b>	<b>234,220</b>	<b>31,160</b>	<b>59,180</b>	<b>90,990</b>

Source: NLP analysis \* totals rounded

Figure 6.2 Gross Floorspace Requirements by Scenario (sq.m)



Source: NLP analysis

## Estimate Land Requirement

6.47

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

- **Industrial** – a plot ratio of 0.4 was applied so that a 1 ha site would be needed to accommodate a footprint of 4,000sqm of employment floorspace; and
- **Offices** – it was assumed that 30% of new floorspace would be in lower density, business park developments with a plot ratio of 0.4, with 70% in higher density town centre locations at a plot ratio of 2.0.

6.48

The resulting land requirements are set out in Table 6.13 and Figure 6.3.

Table 6.13 Gross Land Requirement by Scenario to 2031 (ha)

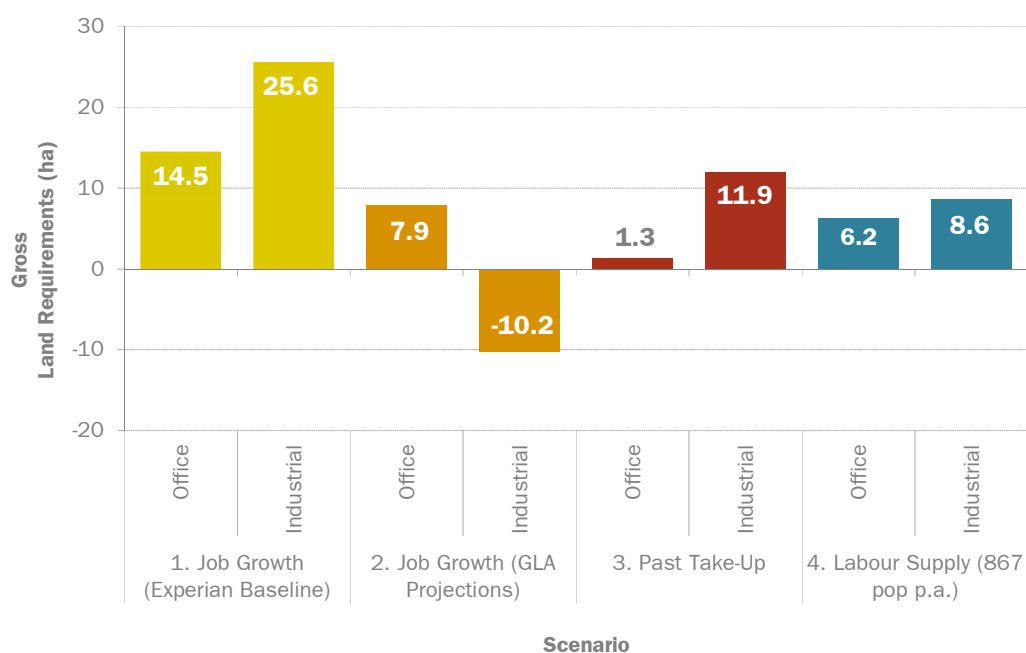
	1. Experian Baseline	2. GLA Projections	3. Past Take-up	4. Labour Supply (867 pop p.a.)
Offices (B1a/b)	14.5	7.9	1.3	6.2
Industrial (B1c/B2/B8)	25.6	-10.2	11.9	8.6
<b>All B uses</b>	<b>40.1</b>	<b>-2.3</b>	<b>13.2</b>	<b>14.8</b>

Source: NLP analysis

6.49

The range of land requirements for office development land is very narrow – between 1.3 and 14.5 ha to 2031, depending on the approach used. For industrial land, the range is significantly wider, between -10.2 and 25.6 ha to 2031.

Figure 6.3 Gross Land Requirement by Scenario (ha)



Source: NLP analysis

## Sensitivity Tests

6.50

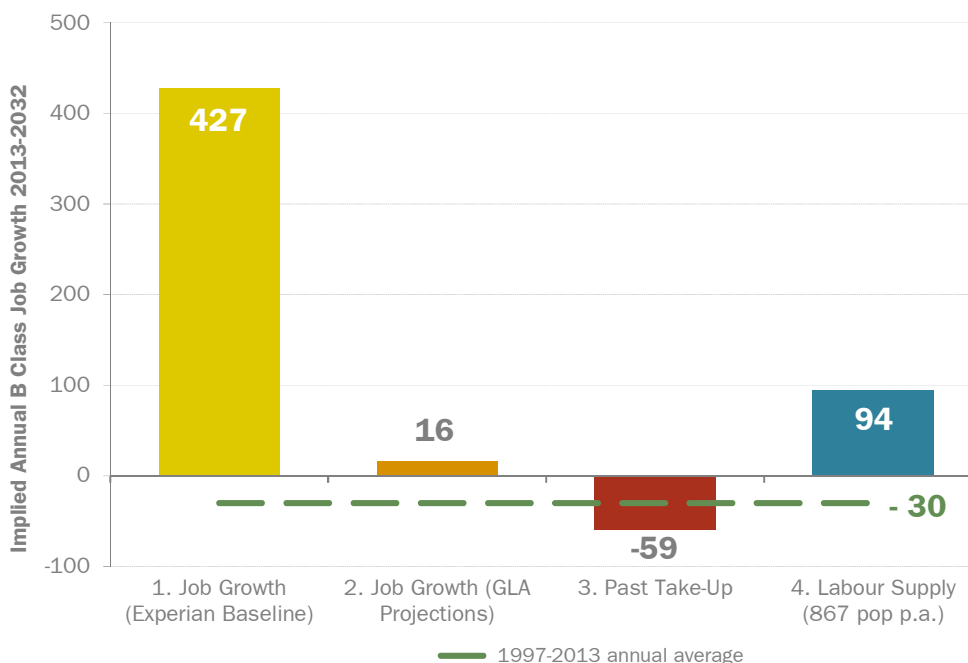
Given the range of potential requirements implied by these different estimates of future requirements, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions.

6.51

It is useful to first compare the employment growth implied by these amounts of land with employment growth actually achieved in Kingston in recent years (Figure 6.4). The lowest estimate based on past take-up implies a loss of 59 B class jobs per annum over the next 18 years, driven by significant losses of office space in the Borough in the past. The highest growth estimate based on Experian baseline projections implies some 427 more B class jobs annually, the majority of which (87%) of which relate to office-based jobs. These figures

compare with an average loss of 30 B class jobs in Kingston per year between 1997 and 2013. The past take-up scenario lies closest to this past trend of employment decline, and is the only scenario to follow this downward trajectory.

Figure 6.4 Annual Job Growth Implied by Scenarios



Source: Experian / NLP analysis

Note: Estimated job levels for each scenario do not take account of additional floorspace allowance in the safety margin, which is identified for planning purposes and may not actually be developed

6.52 This indicates that three of the four scenarios could generate a higher level of job creation than has been achieved in the Borough in the recent past. As that period was one of relatively strong economic growth, followed by a severe recession with an outlook of fragile recovery, these estimates would appear optimistic, but not inconsistent with the Council's vision to sustain and share economic prosperity and for the Borough to continue to be one of the very best places in which to live and work.

6.53 Other assumptions which can make a significant difference to the forecasts of future requirements include the allowance for replacement of future losses. With no allowance for future losses, the lowest estimate of future industrial space needs (GLA job growth scenario) would result in a more significant negative requirement of -66,510sq.m. Removing the allowance for future office losses would reduce the lowest requirement (past take-up) to -17,180sq.m.

## Conclusions

6.54 In interpreting the outputs of this section, regard should be had to PPG guidance which states that Local Authorities should develop an idea of future economic needs based on a range of data and forecasts of quantitative and qualitative need. In this respect, planning for employment growth should avoid



relying upon using single sources of data or projections which tend to rely upon a number of different variables which are inevitably subject to change.

- 6.55 It is also important to recognise that there are inevitable uncertainties and limitations associated with modelling assumptions under any of the future growth scenarios considered. For example, there are some inherent limitations to the use of local level economic forecasts, particularly in the context of significant recent changes in the economy. For example, economic forecasts are regularly updated and the resulting employment outputs will change over the plan period.
- 6.56 Four different scenarios of future employment space requirements have been considered, based on a number of approaches which reflect economic growth forecasts (from two different sources), past development trends and potential population growth/housing supply factors. The majority of these reflect assumptions of higher future economic growth in Kingston than the Borough has achieved in the recent past.
- 6.57 The overall gross space requirements related to these different scenarios range from 31,160sq.m to 234,220sq.m of all types of employment space to 2031, implying in broad terms a need for between -2.3ha and 40.1ha of employment land. The nature/use class of this space varies depending upon the approach, although in most cases the spatial requirement is driven by industrial (B1c/B2/B8) uses.
- 6.58 Given an uncertain economic outlook, it is difficult to select the most likely scenario from these alternative growth pictures. Although Kingston benefits from a range of competitive economic strengths including a strong knowledge driven business base, affluent resident catchment and strong quality of life factors, the Borough has been underperforming economically in recent years, evidenced by limited levels of overall B-class job creation and negligible development of new business space to accommodate activity. This trend was evident even before the onset of the recent recession, indicating that the Borough has under-performed its growth potential in some B-class sectors over a longer period of time. The general trend towards office-based growth being focused within strongly established office centres (particularly in central London) will also be a key factor.
- 6.59 Within this context, the two scenarios based on GLA forecasts (scenario 2) and past take-up rates (scenario 3) provide a less robust basis for understanding objectively assessed need arising from economic growth. The GLA forecasts were prepared during a period of significant economic uncertainty while the requirements based on past take-up rates are likely to have been unduly constrained by past losses of space (particularly for offices) and supply-side factors. Adopting such an approach effectively represents an acceptance that the Borough will continue to 'punch below its weight' economically and fail to achieve its full economic potential. In contrast, the two higher growth scenarios (as implied by the labour supply and Experian job growth approaches) are objective (not taking account of supply-side factors) and also represent a more

aspirational trajectory of growth for the Borough taking account of its sectoral mix and business base.

- 6.60 Recognising the Borough's spatial constraints, the draw of central London and other established employment locations, and development pressures on employment land in the Borough, but also within the context of the NPPF requirement to plan positively for growth, the Council should plan to accommodate at least the labour supply based requirement, to ensure that the Borough's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity in future.
- 6.61 Against the backdrop of an increasingly competitive market for business investment (particularly within outer London/suburban Boroughs), it would also be advisable to aim some way towards the higher growth trajectory implied by the Experian employment projections which reflect an objective assessment of the unconstrained potential of the Borough based on its existing business base, mix of sectors and inherent economic qualities. This presents an opportunity to deliver a step-change in the way that the Borough plans for, captures and pro-actively stimulates local economic growth but is not inconsistent with the Borough's vision for economic prosperity. It would also have significant implications for how the Borough actively plans for and manages business growth (especially with regards to office provision). For example, accommodating this growth would require a scale of new employment development that significantly exceeds past completions within the Borough (over the past 10 years or so), alongside an increasing focus on maximising the use and efficiency of existing space within the context of Kingston's constrained land supply.

## 7.0 Demand/Supply Balance

7.1 This section draws together the forecasts of future employment land needs in Section 6.0 and the estimates of land available on the area's existing and allocated employment sites in Section 3.0 to identify any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms.

### Quantitative Balance

7.2 The previous section identified a need for between 31,160sq.m and 234,220sq.m of employment space up to 2031, including a modest safety margin largely to allow for delays in sites coming forward for development. The land requirements associated with these amounts of employment floorspace were estimated at between -2.3ha and 40.1ha, clearly reflecting a wide variation in the level of growth that could be supported by Kingston's economy over the plan period.

### Pipeline Supply

7.3 As detailed in Section 3.0, the pipeline supply of employment space in the Borough comprises sites in the Borough that have outstanding planning permissions for B class development (at end of March 2013) that have either not been started or are under construction.

7.4 From these sources, the space available to help meet future needs in Kingston is estimated to comprise just over 42,400sqm of B class space in net terms as shown in Table 7.1. This figure is equivalent to around nine years of past gross B class take-up in Kingston.

Table 7.1 Available Employment Space in Kingston

Location	B1	B2	B8	Total
Chessington	12,870	12,870	12,870	<b>38,610</b>
Kingston Town Centre	1,000	1,010	0	<b>2,010</b>
New Malden	360	0	0	<b>360</b>
Norbiton	590	0	590	<b>1,180</b>
Surbiton	280	0	0	<b>280</b>
<b>Total</b>	<b>15,100</b>	<b>13,880</b>	<b>13,460</b>	<b>42,440</b>

Source: Royal Borough of Kingston upon Thames Monitoring Data (March 2013)

7.5 This available supply is split relatively evenly between B1 (office), B2 (manufacturing) and B8 (distribution) uses, and is largely located within the Chessington area of the Borough, in or in close proximity to the two SILs (Chessington and Barwell). The vast majority (94%) of these planning permissions have not been started.

- 7.6 It should be noted that there is no guarantee that these permissions (particularly those that have yet to be started) will be implemented over the plan period, whereby bringing forward land for employment use. Furthermore, these permissions relate to specific schemes and users and may therefore be less able to meet general future needs.
- 7.7 Beyond the supply outlined above, the survey of sites in Section 5.0 identified a very limited amount of undeveloped land on existing sites (amounting to less than 1ha) that could potentially accommodate new development. Furthermore, as reported in Section 4.0, current levels of vacant employment space being marketed do not appear particularly excessive against the 'normal' market vacancy rate of 10% to enable churn and choice and no surplus capacity in terms of existing vacant floorspace has been added to the supply position.
- 7.8 A broad comparison of estimated demand for B Class space against all currently identified supply, as shown in Table 7.2, implies that Kingston would have insufficient employment space in quantitative terms up to 2031 to meet the needs arising from three of the four scenarios of future requirements. The GLA job growth approach represents the only scenario under which the Borough would have an adequate pipeline supply of employment space to meet demand, although as previously mentioned, the employment projections adopted by the GLA reflect a particularly pessimistic, recession based economic outlook which has subsequently been upwardly adjusted and may therefore be less robust in terms of planning for future economic growth in Kingston.
- 7.9 The potential shortfall of space under the remaining three scenarios would vary from 16,740sq.m under the past take-up scenario to 191,780sq.m of employment space under the Experian job growth scenario.

Table 7.2 Demand/Supply of B Class Employment Space in Kingston (to 2031)

	1. Experian Baseline	2. GLA Projections	3. Past Take-up	4. Labour Supply (867 pop p.a.)
Requirement for B Class Space (sq.m)	234,220	31,160	59,180	90,990
Available Employment Space (sq.m)	42,440			
Surplus (+)/Shortfall (-) (sq.m)	<b>-191,780</b>	<b>+11,280</b>	<b>-16,740</b>	<b>-48,550</b>

### Needs of Different Employment Uses

- 7.10 Ensuring an adequate choice of types of sites is also important to meet the needs of different employment sectors and the aims for diversity of employment opportunities at different skill levels. Potential supply of employment space for both industrial and office uses was therefore compared with estimated requirements for these uses.
- 7.11 Table 7.3 and Figure 7.1 compare the demand and supply situations for industrial and offices uses separately. This indicates that there would be

insufficient supply available, in purely quantitative terms, to meet both industrial and office needs arising under three of the four demand estimates. The only instances where there would be enough supply available to meet identified needs would be under the GLA job growth and past take-up scenarios, which as discussed in the previous section represent a 'low growth' trajectory for Kingston's economy over the plan period.

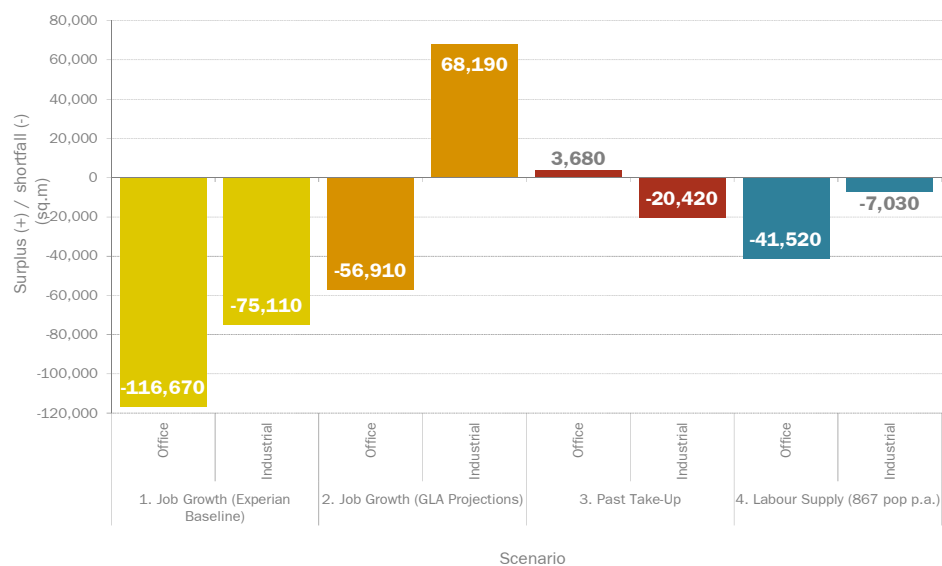
7.12

For industrial space, the shortfall extends to -75,110sq.m under the Experian job growth approach, and is even greater for office space at -116,670 sq.m to 2031 (also under the Experian scenario). This predicted shortfall assumes that all outstanding planning permissions (at March 2013) come forward in full for employment development over the plan period. Any deviation from this assumption could potentially increase the existing deficit of employment space.

Table 7.3 Demand/Supply for office and industrial space to 2031 (sq.m)

	1. Experian Baseline	2. GLA Projections	3. Past Take-up	4. Labour Supply (867 pop p.a.)
<b>Industrial</b>				
Industrial space requirement	102,450	-40,850	47,760	34,370
Potential supply of industrial space	27,340			
Surplus(+)/Shortfall(-)	-75,110	+68,190	-20,420	-7,030
<b>Offices</b>				
Office space requirement	131,770	72,010	11,420	56,620
Potential supply of office space	15,100			
Surplus(+)/Shortfall(-)	-116,670	-56,910	+3,680	-41,520

Figure 7.1 Forecast surplus of office and industrial space to 2031 by scenario



Source: NLP analysis

- 7.13 On paper, this suggests that the identified pipeline supply as it stands provides for insufficient industrial and office space to meet the Borough's employment development needs to 2031 in purely quantitative terms. However, there are factors which mean this issue requires further consideration, set out below.

## Qualitative Factors

- 7.14 Even where no quantitative shortfall of space is identified, in some circumstances additional land may be needed for qualitative reasons, for example to:
- improve the choice of provision for occupiers;
  - meet gaps in the supply of particular types of premises;
  - improve or modernise the quality of current provision and so help attract more occupiers; or
  - provide a better spatial distribution of employment sites to meet the needs of different settlements.
- 7.15 Qualitative needs are considered for each broad property type/area individually.

## Offices

- 7.16 Although Kingston's office market is characterised by a steady level of demand, a notable lack of new office development has taken place in Kingston in recent years, coupled with a gradually eroding stock of office space as more space has been lost than gained. Although this has generally involved the loss of poorer quality, functionally obsolete office space, this trend has significantly constrained Kingston's stock of office accommodation and the recently introduced PD rights for change of use from office to residential have already started to accelerate this trend further.
- 7.17 Office vacancy is generally low within good quality, new accommodation while the availability of Grade 'A' office floor space in Kingston is reported to have reduced over recent years. At the same time, demand is very limited for 'Grade B' premises, particularly within older premises that no longer meet modern business needs, and this lower quality space accounts for the majority of vacancy across the Borough.
- 7.18 Market feedback indicates that the lack of available/suitable office space in Kingston in recent years has significantly constrained activity in the Borough's office market and the opportunity exists for Kingston to play a more important office role in future, albeit recognising its position within the wider office hierarchy in London, notably the increasing draw of central London for many occupiers in knowledge-based sectors. The recent relocation of Saipem into Kingston Town Centre (albeit relocating from elsewhere within the Borough) indicates that the Borough holds attraction for some occupiers if space of suitable size and quality is available.

## Industrial

- 7.19 Kingston is perceived as a reasonable industrial location, attracting a good level of demand for industrial space. Low levels of vacancy reflect a very limited supply of industrial accommodation, particularly modern, good quality space. The majority of existing industrial sites do not have the capacity to accommodate further development and local commercial agents report being unable to satisfy demand for small scale industrial space in Kingston.
- 7.20 This lack of supply limits the potential for expansion and movement of existing firms as there is limited capacity, whilst it may also lead to potential economic opportunities being diverted from the Borough as firms cannot be accommodated within its boundaries. In order to ensure that the Borough is able to capture these opportunities, as well as retain existing industrial firms as they grow and expand, market feedback points to the need for new industrial development in Kingston over the next few years, although in reality this may have to come from redevelopment and intensification of existing sites rather than allocating any new sites for industrial uses in the Borough.

## Start-up Premises

- 7.21 As noted earlier, the Borough only has a limited provision for small and start-up businesses, and there appears to be scope to expand this type of accommodation given the SME dominated profile of Kingston's business base as well as the presence of two major higher/further education institutions generating a continuous stream of spin-outs and start-ups.
- 7.22 Local commercial agents felt that Kingston could accommodate an additional start-up enterprise centre in the short to medium term that could offer high quality, modern premises at competitive rents. In particular, there could be potential for such a facility to build upon the role of Kingston University and College in supporting enterprise and start-up firms, whereby providing affordable and flexible space to accommodate spin-out firms and retain them within the Borough.

## Sub-Borough Distribution

- 7.23 Whilst a key aim of this study is to estimate gross employment land requirements for the Borough overall, it is also important to ensure the appropriate distribution of allocated sites across the Borough to meet future requirements, and to accord with market demand. As such, this section provides an overview of market views on demand for different uses, locations of stronger / weaker demand across Kingston and seeks to identify where any gaps in future provision may exist.
- 7.24 A summary of the anticipated demand/supply situation over the plan period for the Borough's main District Centres and employment areas (broadly aligning with the Borough's four Neighbourhood areas as defined in the Core Strategy) is provided below. This analysis has been undertaken within the context of an identified gross requirement of between 31,160sq.m and 234,220sq.m over the

18 year time period 2013-2031 and set against the supply positions as described above.

- 7.25 **Kingston Town Centre** is the Borough's strongest market location for office uses and accommodates a significant proportion of existing stock. It benefits from reasonable transport links, strong retail and services offer and appealing business environment, although relatively high office rents act as a barrier for smaller office firms. Alongside a wider programme of regeneration (with a focus on strengthening the leisure, retail and hospitality offer), it should be the focus for new office development in the Borough, helping to generate the critical mass necessary to support the continued viability and vitality of the town centre. There is also scope to upgrade and renew older stock to ensure that it remains attractive location for office occupiers, particularly in light of PD rights which are already starting to accelerate the pace of office losses in and around the town centre.
- 7.26 The pipeline supply of office space in the town centre is very limited (at just over 1,000sq.m of outstanding planning permissions) therefore sites and development opportunities (including those already identified by the AAP) will need to be pursued to enable the town centre to accommodate office based growth over the plan period. For example, a policy approach that seeks to accommodate two thirds of the Borough's residual office floorspace requirement in Kingston Town Centre would be equivalent to identifying approximately 27,000sq.m of office floorspace by 2031. Clearly, the precise amount of space to be identified/allocated will need to take account of a range of other planning and supply side factors.
- 7.27 **Surbiton** represents an attractive office location, particularly given its strong transport links, vibrant District centre and skilled local workforce. It also accommodates one of very few shared workspace centres in the Borough at Maple Works which provides affordable desk space, open workspace, meeting rooms, communal areas and shared facilities for freelancers, startups and companies. Although Surbiton already accommodates a strong concentration of office space, local commercial agents felt that the District centre had scope to expand this offer, and that it could provide a suitable location for future enterprise centre style accommodation, particularly given its proximity to the Kingston University and Kingston College campus at Penrhyn Road. Surbiton does not currently accommodate any specific employment allocations or formal sites, and accounts for less than 300sq.m of outstanding planning permissions for office floorspace. Additional opportunities should therefore be pro-actively explored to ensure that business growth can be accommodated in future.
- 7.28 **New Malden** is a reasonably successful District Centre attracting steady levels of demand for commercial property, and benefiting from good public transport links, vibrant range of services and significant labour force catchment. Existing office accommodation is dominated by two tower blocks adjoining the station (Apex and CI Towers) while industrial stock is largely concentrated at St John's Industrial Estate which is largely occupied. In terms of emerging supply, New Malden accounts for less than 400sq.m of office floorspace, although there



doesn't appear to be a quantitative requirement for additional office provision beyond this. There may be scope to intensify industrial uses at St John's Industrial Estate over the short to medium term, as a way of accommodating expansion of existing industrial firms in the area.

- 7.29 **Tolworth** represents a secondary commercial centre in the Borough and accommodates a relatively small proportion of employment space within Kingston. The stock of employment space is dominated by the 22-storey Tolworth Tower office block at the end of the Broadway and adjoining the A3. However, the presence of the A3 and A240 strategic roads with their high levels of traffic, congestion, noise and air pollution have a negative effect on Tolworth's environment and effectively act as barriers separating residential areas, the District Centre, the Station, leisure facilities and open spaces. Limited demand for office space in Tolworth coupled with reasonably high levels of existing vacancy within the District Centre (most notably within Tolworth Tower) mean it would be difficult to demonstrate any quantitative need for additional provision. The focus of any requirement would be on refurbishing and redeveloping existing office stock to better meet modern business needs, although rental values in the current climate are unlikely to make this a viable option at least in the short to medium term. Nevertheless, the area is identified as a Key Area of Change in the Core Strategy and there could be scope for demand and rental values to increase in future as the area is regenerated and higher quality uses and developments are encouraged, although this would depend upon the scale, scope and nature of investment.
- 7.30 The **South of the Borough** represents the main focus for industrial activity in Kingston encompassing the two Strategic Industrial Locations (SILs) of **Chessington** and **Barwell** as well as the Silverglade Business Park LSIS, all of which appear to be performing well and meeting (generally local) business needs. In light of the positive requirement for industrial space identified by this study, it seems sensible to retain and protect these sites for industrial uses and strengthen their role and appeal to businesses by encouraging on-going renewal and redevelopment as and when opportunities arise. The majority of emerging supply is concentrated at Chessington, equivalent to just under 39,000sq.m of B1, B2 and B8 floorspace (which would be sufficient to meet the labour supply based scenario of future growth), although this is sensitive to the inclusion of one change of use planning application which may or may not be implemented over the plan period.

## Conclusions

- 7.31 Based on currently available employment space identified by Council monitoring data, Kingston has insufficient employment floorspace in quantitative terms to meet future needs for office and industrial uses up to 2031 under the majority of future growth scenarios considered. The starting point for planning policy therefore is that, to varying degrees, additional space will need to be identified if business needs are to be met within Kingston over the plan period. From a purely quantitative perspective, the existing shortfall of employment space ranges from 16,740sq.m to 191,780sq.m depending upon

the scenario. If the Borough is to accommodate the minimum recommended requirement associated with the labour supply scenario, the shortfall of employment space would amount to 48,550sq.m by 2031.

- 7.32 From a more qualitative perspective, the lack of new office development in Kingston in recent years (coupled with an ageing existing stock) has significantly constrained activity in the Borough's office market, with the recently introduced PD rights for change of use from office to residential already starting to accelerate the past trend of office space losses. The opportunity therefore exists for Kingston to play a more important office role in future, recognising that this would require a step-change in the way that the Borough plans for and encourages office based growth, as well as a shift in emphasis of new office provision towards more flexible, small scale workspace that better meets the needs of the Borough's SME business base rather than competing in the markets where occupiers are looking more towards central London and/or larger office locations.
- 7.33 Whilst Kingston is perceived as a reasonable industrial location with generally low levels of vacancy, new industrial development has been limited in recent years and the majority of existing industrial sites lack capacity to accommodate expansion and growth, resulting in an increasingly constrained supply position. There is a risk that potential economic opportunities will be diverted from the Borough unless new industrial development can be accommodated, although in reality this may have to come from redevelopment and intensification of existing sites rather than allocating any new sites for industrial uses in the Borough.
- 7.34 The pattern of demand for both offices and industrial varies significantly across the Borough's key centres and the Council should be realistic in terms of planning how future growth can be accommodated spatially across the Borough. In the short to medium term, this will inevitably be driven by the comparative commercial viability for the private sector to bring forward new development and the capacity of existing sites to accommodate additional growth/expansion. Over the longer term, there may be scope to identify new allocations, sites and opportunity areas, potentially as part of wider programmes of regeneration across the Borough's Key Areas of Change including Kingston Town Centre and Tolworth.

## 8.0 Overall Conclusions and Policy Implications

8.1 This section draws together overall conclusions and considers potential policy approaches in relation to employment space for the subsequent review of the Core Strategy as well as other measures which may be required to support Kingston's economic growth objectives.

### Policy Implications

8.2 The forecasts considered in previous sections indicate the broad scale and type of employment growth as a basis for estimating floorspace and land requirements for B-class uses. To varying degrees, they reflect both indigenous needs arising within the Borough as businesses establish and grow, and footloose demand which operates across the Borough's boundaries from the wider London area. The principles of the NPPF indicate that the Council's policy approach should aim to at least fully meet employment space needs across the functional market area so that the local economy is not constrained and potential investment is not diverted elsewhere or lost (recognising that developments in adjoining areas and indeed the draw of central London will be a key influence).

8.3 The employment space requirements associated with the two scenarios based on GLA forecasts (31,160sq.m) and past take-up rates (59,180sq.m) provide a less robust basis for planning for economic growth and adopting such an approach effectively represents an acceptance that the Borough will continue to 'punch below its weight' economically and fail to achieve its full economic potential.

8.4 The Council should plan to accommodate at least the labour supply based requirement (90,990sq.m), to ensure that the Borough's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity. It should also aim some way towards the higher growth trajectory implied by the Experian employment projections (234,220sq.m) which reflect the unconstrained potential of the Borough based on its existing business base, mix of sectors and inherent economic qualities. Realistically, the extent to which Kingston can achieve the higher target ultimately depends upon a range of market and policy factors some of which will be outside the Borough's immediate control. Nevertheless, it presents an opportunity to deliver a step-change in the way that the Borough plans for, captures and pro-actively stimulates local economic growth and is not inconsistent with the Borough's vision for economic prosperity.

8.5 However, to ensure a flexible and responsive policy framework, it will be necessary not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to think about the opportunities and risks that flow from particular policies. That might concern how trends in losses of space over time can be managed, how delivery can be prioritised in some locations or for some types of employment uses, or how scope can be created

for meeting as yet undefined inward investment opportunities, but also not protecting legacy employment sites for which there is no longer a productive employment use. Planning for employment will need to be balanced against pressures from other land uses, as well as other Core Strategy objectives such as planned housing growth. B-class employment space also competes with non B-class uses, some of which may also generate local economic benefits or have identified needs that the NPPF indicates should be supported.

- 8.6 This requires choices in the Core Strategy about which sites to protect or allocate for employment development, or which to consider for mixed use development (either in whole or part). That judgement must ultimately take account of:
- the local benefits of B-class sectors and the need to maintain a diversified and resilient economy that is open to growth and new economic opportunities as they arise (as envisaged by the NPPF);
  - the economic and other outcomes (e.g. labour market) if some sectors become displaced or are otherwise constrained from expanding within the Borough, and potential strategies to retain existing businesses;
  - the need to encourage growth of high quality jobs within the Borough to address the disparity between resident employee earnings (higher) and workplace earnings (lower);
  - the trade-off between seeking more intensive use of sites and thereby yielding higher net job creation over time, and identified business needs (as specified in the NPPF) which may for some activities or sectors imply a less efficient use of land in order to function effectively; and
  - maintaining a delivery trajectory for employment space with short, medium and longer-term opportunities over the life of the Core Strategy.

- 8.7 The Core Strategy should seek to plan for a choice of sites and locations to meet the needs of particular sectors and occupier needs. However, because growth in the Borough will be constrained by a lack of capacity in the form of new employment sites, business growth will need to be accommodated within the Borough's existing employment sites and premises which, like many parts of London, are under pressures for conversion to residential. However once employment sites are lost to residential uses it is highly unlikely that they will ever come back into employment use. It is therefore imperative that the Council ensures they have the correct stock in the correct locations to accommodate future employment growth. Some further commentary on the approach and potential options for providing for the different B-class uses are considered below.

## Office Uses

- 8.8 The ability of Kingston's centres to attract significant new office occupiers is likely to be less strong in the future than in the past. This reflects the overall commercial market view that although demand from larger office based firms cannot be ruled out, the Borough is unlikely to attract sizeable new build offices

in the future reflecting the shift in the market towards smaller occupiers, and the Borough's poorer strategic connections and rail links than competitor locations (such as the adjoining Boroughs of Richmond and Merton). The 2012 LOPR notes that "on paper" Kingston has many attractions and competitive business location credentials (such as business density) yet accommodates a small-scale and constrained office market. This situation is not unique to Kingston, but reflects the wider trend of suburban office market decline apparent across many Outer London centres, which are expected to continue to face challenges in retaining and attracting office occupiers, even after economic recovery takes hold.

- 8.9 The growth prospects of many office-based sectors appear less favourable in the immediate post-recession climate, and development economics may continue to count against developer interest for offices in the Borough, particularly on a speculative basis and outside of key centres (such as Kingston Town Centre). For the most part, the Borough's office market is driven by local market requirements and it is likely that this will continue, although there may also be some potential for Kingston to capture (or at least retain) a greater share of the South London office market than it has achieved in the recent past, particularly if the proposals for a Crossrail 2 station in Kingston were to be implemented providing the Borough's businesses and residents with enhanced transport connections and accessibility.
- 8.10 To be realistic, however, the scale of ambition should be relatively modest at least over the short to medium term, recognising that achieving office job growth of any significant scale (i.e. as implied by the Experian job demand projections) would require a substantial economic step-change in the way that the Borough plans for and accommodates office-based activity, particularly compared with the pattern of development in the recent past i.e. in which the Borough's stock of office space has continued to contract and a lack of new development has resulted in an ageing and lower quality stock of residual space.
- 8.11 Nevertheless, the analysis undertaken as part of this study identifies a positive requirement for office space in Kingston over the period to 2031 (equivalent to between 11,420sq.m and 131,770sq.m depending upon the scenario) and that employment space currently identified as available by Council monitoring data would be insufficient in quantitative terms to meet these needs under the majority of scenarios. As a starting point therefore, the Council should consider how best to plan for and accommodate this additional requirement for office space to ensure that past trends of office market underperformance and under supply are not continued in the future.
- 8.12 To provide some context, the minimum objectively assessed business need for office space considered appropriate for planning purposes (i.e. the gross requirement implied by the labour supply based growth scenario) is equivalent to around 20% of the Borough's existing stock of office space recorded by the VOA, to be delivered over an 18-year period. Under the GLA and Experian job growth approaches this increases to 25% and 45% respectively.

- 8.13 These requirements should also be viewed within the context of the long-term trend for office space losses in the Borough, and most recently the introduction of PD rights which has already started to impact upon the Borough's stock of office space. In less than a year, prior approval applications have been granted which (if implemented) would effectively remove 12,440sq.m of office space from the Borough's portfolio of supply. This figure alone is equivalent to the total gross requirement for office space implied by the past take-up scenario (covering an 18 year period) and equivalent to around a quarter of the labour supply based estimate of future office space requirements to 2031. If the Borough continues to lose office space at this scale and pace, it will become increasingly challenging to accommodate even the lowest estimates of office space needs arising in Kingston.
- 8.14 Notwithstanding this quantitative analysis, the requirement for office space in future will also be for better quality, modern space and to cater for small and start-up businesses. The focus for Kingston should be more about retaining existing office employers and allowing for their expansion, rather than necessarily attracting significant numbers of new office-based firms into the Borough. The presence of Kingston University and College (both of which have an active programme to encourage enterprise and business start-ups) provide an excellent base for supporting and accommodating indigenous business growth, whilst also helping to diversify Kingston's business base.
- 8.15 The key challenge the Council must therefore seek to manage is the shift from older, outdated space (which has prompted significant recent losses and, to some extent, is reflected through recent implementation of office to residential PD rights) to providing new space which meets modern business needs, and supports other Core Strategy objectives such as the role of Kingston town centre as a Metropolitan Centre. Providing that at least the minimum positive office requirement can be achieved (i.e. as implied by the labour supply based scenario), the level of office space that the Core Strategy should plan for is – to some extent – a policy choice for the Council to consider in both planning and economic development terms. However, it needs to be based on a practical assessment of what the market can deliver.
- 8.16 Ensuring that Kingston has an adequate supply of good quality, modern offices of the right scale, type and location to meet the more limited demand there will be in future is likely to mean provision of some new schemes involving mainly smaller office units, close to the main town and district centres, public transport and services. It will require 're-setting' the Kingston office market by letting some older, obsolete, and vacant large office blocks be redeveloped for residential, mixed use schemes or for other town centre uses. At the same time, planning policy could help support a greater office role for the Borough by providing clarity and certainty for investors about potential development sites, and encouraging a range of sites and premises to meet office needs.
- 8.17 The London Office Policy Review makes some overall observations about how to support the role of Outer London centres generally (see below), and there may be scope to explore these issues further in the Kingston context.

### London Office Policy Review – Some Pointers for Outer London Centres

- 1 Transport infrastructure is critical in adding value to these centres. Policy to encourage or promote improvement to the infrastructure can help to support office demand in these centres;
- 2 Technology infrastructure to support other specialisations and branding of locations should be encouraged and perhaps supported with public investment. Planning flexibility may also be the key to enabling branded locations to emerge;
- 3 The implications of parking ratios should be considered for their impact on land value and demand for office space;
- 4 Office occupiers place significant emphasis on quality of environment in decision making, and the conclusion is that OL centres must improve their public realm and quality of stock if they are to attract significant occupiers.

Source: London Office Policy Review, 2009/2012

- 8.18 In particular, based on market views on the types of occupiers likely to locate in Kingston in future, provision of flexible office schemes with small/medium sized units could be the focus for new office-based development in Kingston in the future. Market and business consultation underlined significant scope to develop the Borough's enterprise centre offer, whereby providing flexible workspace specifically geared up for start-up/early stage businesses and the Borough's indigenous base of self-employed/sole traders. This could also help to retain a greater proportion of Kingston's highly skilled resident workforce within the Borough, and in doing so drive up productivity (as measured by GVA), a measure against which Kingston currently underperforms.
- 8.19 The scope of demand for this model of provision has been explored by recent research undertaken on behalf of the South London Partnership<sup>25</sup> which acknowledges that the economy is increasingly underpinned by a burgeoning base of SMEs, many of which are footloose and find traditional office environments too expensive and inflexible. It notes that the changes taking place in working patterns are generating a demand for office provision that is currently not catered for: workplaces available to the individual, near their home and available on demand. Such space could provide a more suitable alternative to hotel reception areas, coffee shops, motorway service stations, domestic settings and other informal places to which workers currently migrate.
- 8.20 This provision could take the form of a commercially run managed workspace style centre (for example such as those operated by Workspace) or alternatively a more informal, community or social enterprise orientated workspace, potentially offering a range of on-site business support to occupiers. The Borough's Business Strategy<sup>26</sup> identifies the opportunity to create Business Centres or Hubs within each strategic business area as a means of enabling fledgling or home-based businesses to connect with one

<sup>25</sup> Kingston University and Ramidus Consulting, Understanding the Future of South London, September 2011

<sup>26</sup> Draft, January 2014

another and develop supportive business networks. The centres could provide ad hoc working space, areas to showcase products and services (i.e. pop-up 'shops'), meeting areas, areas to socialise and areas where stakeholders can deliver/be contacted for business support. Any such initiative should build on the existing networks in the Borough such as Business Community Groups and Business Forums as well as the presence of the University and College and the flow of students and graduates that they support.

- 8.21 Any such facility should be centrally located and well connected to key public transport routes, with possible locations including Kingston Town Centre and Surbiton District centre. In order to be viable and sustainable, this type of flexible workspace should be close to existing concentrations of workers and residents and could feasibly involve the re-use of high street retail units and upper floors and co-location with other uses such as cafes, community space or a gym/leisure centre.

### Role of Kingston Town Centre

- 8.22 Kingston Metropolitan town centre is the main centre in the borough and attracts over 18 million visitors per year<sup>27</sup>. It is a sub-regional shopping centre as well as a significant leisure destination and centre for legal, business and public services, higher and further education. However, despite its inherent attractions and distinctive character, the Council recognises the need for a targeted programme of regeneration amidst concerns about its future vitality and sustainability, following a loss of daytime visitors and an increasingly vibrant night-time economy.
- 8.23 In response, an Area Action Plan (AAP) was developed and subsequently adopted to shape the future development and regeneration of the town centre, which specifically identifies the need for measures to enhance its attractiveness to commercial office based businesses, especially in the growing creative, knowledge, and information sectors. This issue is echoed by market and business consultation undertaken as part of this study, which emphasised the lack of suitable quality office space in the town centre, at both the small and large scale end of the market.
- 8.24 The forthcoming review of the AAP therefore provides a key opportunity to develop and set out a clear economic strategy for town centre office provision, which actively encourages new office development as part of high quality, mixed use (re)development. A combined approach (alongside retail, leisure and residential development) is crucial if the town centre is to maintain its attractiveness to local residents and businesses, by drawing more people into the centre and generating a critical mass of workers, shoppers and visitors.
- 8.25 Within the current (and foreseeable) economic climate, it is unlikely that rental yields are sufficient to support new office (re)development of any significant scale outside of Kingston town centre, as the main office centre in the Borough attracting the highest levels of office market demand. From a policy

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<sup>27</sup> Kingston Town Centre Area Action Plan, Adopted 2008



perspective, it therefore appears pragmatic to focus future office development in and around the town centre. Such an approach would also be consistent with London Plan policies to support town centre development, in particular the Draft Further Alterations to the London Plan (FALP) recently published for consultation by the Mayor which underlines the important role that the planning system must play to help manage clusters of uses to provide diverse and more vital and viable town centres.

8.26

The AAP identifies a number of sites where office development will be encouraged as part of wider mixed use schemes, including Kingston Station (Policy P10), Quebec House (Policy P11), Eden Quarter (Character Areas 1-3) and Bishops Palace House and Thames Street (Policy P13). Within the current risk-averse climate, such schemes could be aided by clear, agreed planning briefs or masterplans for potential sites that have tested the viability of a new office component. Given there may be some initial developer aversion to such schemes in the short term, some delivery approaches may need to be considered by the Council to help bring forward such development. These could include Tax Increment Funding (TIF), Council rent guarantees and joint ventures with developers. Figure 8.1 summarises a range of site delivery approaches applying to different situations, some of which may be appropriate for Kingston, depending on the specific circumstances and barriers to delivery of each site.

Figure 8.1 Potential Mechanisms to Encourage Employment Development

Approach	Deliver New Sites		Deliver New Employment Space		Renew / upgrade employment space	
	Low	High	Low	High	Low	High
Regional Growth Fund						
Growing Places Fund						
Community Infrastructure Levy						
Tax Increment Funding						
Joint Venture						
Enabling Development						
LDO						
BID						
Rent Guarantees						
Business Improvement Grants						

Source: NLP Analysis

limited potential some potential good potential

### Current Core Strategy Office Policies

8.27

The Core Strategy includes an over-arching employment policy (Policy CS 11) to ‘promote the redevelopment, renewal and modernisation of existing office stock (which may include integrating office space and residential uses into

mixed use developments)' and seeks to protect all employment land and premises in a number of broad locations including:

- Kingston Town Centre;
- Surbiton, New Malden and Tolworth District Centres;
- Local Centres; and
- Other Employment Locations.

- 8.28 Policy DM 17 also states that mixed use development schemes should not result in a net loss of employment capacity (floorspace and/or land) and that alternative uses will not be acceptable unless it has been demonstrated by sound evidence and rigorous marketing over a number of years (up to two years) that there is no quantitative or qualitative need for a range of employment uses.
- 8.29 Within the context of the NPPF – which states that planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose – it will become increasingly difficult for Kingston to continue to justify a policy approach that seeks to retain all of its office stock. The LOPR recommends adopting a pragmatic stance to future office provision in Kingston focused on the best sites, and this will become increasingly important in light of recently introduced PD rights for conversion of office space to residential, a policy which has already resulted in the loss of approximately 4% of the Borough's (generally poorer quality) office stock, effectively doubling the annual rate of office floorspace losses in Kingston.
- 8.30 The Council should therefore consider being more selective about which office sites and broad locations to safeguard against futures losses, prioritising those with the greatest appeal to businesses and potential to accommodate (re)development in future. As a starting point, this review should focus on those sites that score well across a range of access, compatibility and market attractiveness factors in the site appraisal exercise undertaken as part of this study. This would help strengthen the Core Strategy Policies and simplify the management and monitoring of the policies over the plan period. As it stands, Policy DM 17 runs the risk of being too broad and all encompassing, and therefore harder to defend and uphold against growing pressure from higher values uses.
- 8.31 It is also worth noting that despite this safeguarding policy being in place, the Borough has been losing considerable office space in net terms over recent years, because applicants have been able to demonstrate the necessary criteria for alternative uses. As outlined in the Draft FALP, the Mayor is concerned about the loss of smaller scale office accommodation to other uses, and as such has asked Boroughs to consider where it may be justified to protect small scale (under 500 sq.m) office accommodation and to raise the threshold above which proposals for office development are required to include a mix of uses. This recommendation is particularly pertinent for Kingston,

where the average size of office floorspace lost to residential uses under the PD rights since their introduction is just under 500sqm.

## Industrial Uses

- 8.32 Kingston is perceived as a reasonable industrial location, with the Borough's industrial market characterised by steady demand for space, and low levels of vacancy reflecting a very limited supply of industrial accommodation (particularly modern, good quality space). Commercial property agents report that industrial space enquiries are increasingly being diverted to adjoining areas (particularly those outside of the M25) where the available stock of space is greater.
- 8.33 Although it is recognised that Kingston is unlikely to be a major industrial location in future (particularly in light of its proximity to the more established M25/M3 industrial corridor), small scale workshop and warehousing space will continue to play an important role in supporting the Borough's local business base and providing locally-based services for the Borough's residents.
- 8.34 In terms of quantitative requirements, the main implication of the analysis contained in Section 6.0 is that a modest positive requirement for industrial floorspace is identified under three of the four scenarios. The gross requirement is relatively modest; to provide some context, the estimates amount to between 11 – 33% of the total stock of industrial and warehousing space in Kingston recorded by the VOA, to be delivered over an 18-year period.
- 8.35 The Land for Industry and Transport Supplementary Planning Guidance (SPG) categorises Kingston as a 'restricted' transfer borough, with low levels of industrial land relative to demand and/or low proportions of industrial land within the SIL framework. Boroughs in this category are encouraged to adopt a more restrictive approach to the transfer of industrial sites to other uses and set appropriate evidence based criteria to manage smaller non-designated sites. The SPG sets an indicative annual release benchmark of 0.4 ha per annum over the period 2011-2031, equivalent to 7 ha in total, but notes this will be subject to review through future ELRs. Updated analysis in this study is consistent in identifying a need for careful management of limited industrial land supply, but indicates that this benchmark potentially underestimates the amount of land required to accommodate the Borough's growth potential. The policy emphasis should instead be on safeguarding industrial land unless clear evidence can be provided to demonstrate that it is no longer viable or suitable in market terms.
- 8.36 Industrial land appears to be in short supply in Kingston, vacancy levels are low and all demand forecasts other than the GLA figures which underpin the industrial land release benchmarks indicate a likely future shortfall against identified requirements. In this context, it is important that other higher value uses do not put pressure on the remaining employment land supply.

- 8.37 The Borough's policy approach to industrial land is framed by the London Plan tiered designations (i.e. SILs and LSISs), and the adopted Core Strategy already includes policies that protect industrial land in these locations. We recommend that the Council continue to adopt this restrictive policy approach, particularly given that the majority of existing industrial sites do not have the capacity to accommodate further development or expansion to any significant extent. In this respect, an assessment should be undertaken to construct a realistic delivery trajectory for industrial space for the short, medium and longer term using outstanding planning permissions as a starting point.
- 8.38 The focus should therefore be on improving the existing supply of more modern, small to medium sized industrial units which could possibly be achieved through redevelopment, subdivision and refurbishment of existing units on industrial estates. However, this can often be deterred by fragmented land ownerships, amenity concerns from adjoining residential areas, as well as pressure from higher value uses. Policy encouragement for such improvements would nevertheless support such changes.
- 8.39 It is worth noting that a final option is to not specifically identify additional capacity for industrial space, and by implication, assume that these needs are met on non-allocated sites or are displaced to adjoining local authority areas. However, the review in Section 3.0 did not identify any significant capacity for industrial development in adjoining areas (and indeed many have similar pressures on retaining industrial land), and such an approach would need to be carefully investigated through duty to cooperate arrangements to ensure consistency with the Development Plans of adjoining authorities. Beyond this, however, it would not appear to be an option compatible with sustainable development objectives, and would unduly risk harming economic activities which form an important part of any functioning economy. It may also conflict with the Core Strategy's objective to promote the development of a diverse and flourishing economy by ensuring that land and premises are available for both traditional industrial and office based employment activities.

## Other Policy Issues

### Constructing a delivery trajectory for employment sites

- 8.40 As outlined above, there is a need to identify a realistic delivery trajectory for employment sites, particularly in the case of future office space in where past delivery has been very limited. However, it is also an issue for industrial sites, where a quantitative requirement for additional supply has been identified and there are limited immediate new development opportunities on existing protected sites.
- 8.41 Accordingly, it is recommended that the Council should evidence how its portfolio of allocations and other development opportunities will support delivery of new space over the short, medium and long-term (structured broadly in five year periods). This accords with the approach set out in the PPG and former SEEPB guidance on employment land assessments which

encouraged local authorities to demonstrate a five-year rolling supply of employment land. Where any gaps are identified, the Council will want to consider options for how this can be addressed (potentially as part of the forthcoming review of the Core Strategy, Kingston Town Centre AAP and area specific Regeneration Strategy updates). It would be helpful for sites to be assessed on a consistent basis in order to determine at broadly what point in the Plan period they may become available, and how important any individual site is for meeting either office or industrial needs within any rolling five-year period.

- 8.42 In determining the likely timing and availability of land, this delivery trajectory should have regard to:
- a the planning status of sites (extant planning permission, allocation etc);
  - b development constraints/costs and known requirements for infrastructure;
  - c current developer/landowner aspirations; and
  - d market delivery and viability factors.
- 8.43 The assessment provides the opportunity to identify and map out the Core Strategy's 'when', 'whom' and 'how' employment space delivery actions for each site. In turn, it will also offer a basis to continually assess the potential role of a site in meeting employment land and other Core Strategy objectives (and, inter alia, the policy benefits that would accrue if earlier delivery of the site was encouraged). The trajectory should be linked to the annual monitoring process and periodically updated to ensure the rolling supply of employment land during the Plan period.

## Monitoring

- 8.44 It will be important to monitor future change in the demand and supply of employment space to identify changing patterns and inform any policy responses required. This is particularly significant given the scale of B class floorspace losses in Kingston in recent years (despite Core Strategy policies in place to protect this space from other higher value uses) and the format in which monitoring data is currently captured and reported (which makes it difficult to monitor the scale of 'net development' by site/area, i.e. after taking account of losses). Specific items which it could be useful to monitor are listed below. It is understood that some of these are already monitored by RBK and the GLA monitors many at a London-wide level.
- a levels of future demand for office/industrial space and which of the study's estimates of future requirements this best relates to;
  - b how much of the currently identified supply of employment space commitments are likely to come forward and whether any new sites emerge;

- c the extent and type of any losses of existing employment land to non B uses, particularly residential (part of the on-going monitoring of PNOs under PD rights)
- d any on-going deficiencies in provision for specific types of employment premises e.g. small, low cost, business or industrial units.

## Appendix 1 Consultees

### Individual Consultees

Bob Cattaneo, Cattaneo Commercial

Andrew Pollard, Bonsors

Ian Smith, South London Partnership

Peter Garside, Kingston University

Peter Mayhew-Smith, Kingston College

Chris Paterson, Aviva

Miles Price, British Land

Andrew Sherville, Business Community Sector, Kingston Council

Ros Morgan, Kingston First

### Officer Workshop (RBK)

Gary Walsh – Capability Lead, Community

Barry Allen – Neighbourhood Manager, South of the Borough

Christina Gardener – Neighbourhood Manager, Surbiton

Hannah Rees – Neighbourhood Manager, Maldens and Coombe

Andrew Sherville – Team Leader, Business Community Sector

Sarah Tanburn – Group Manager, Development, Planning and Regeneration

Claudette Forbes – Programme Manager, Shaping Kingston

Jamie Fox - Capability Lead, Investment and Regeneration

Andrew Lynch – Capability Lead, Planning Policy

David Horkan – Interim Head of Development Management

Sheree Aitken – Senior Policy Planner

Kevin Joyce – Principal Valuer

Alexandra Rosser-Trokas, Policy Planner





## Appendix 2 Grading of Office Space

Whilst there is no set definition about the grading of office space, three general classifications exist which all office properties fit broadly into (set out below).

There are many factors that can contribute to the grading of a property, including age, location, standard of maintenance, length of leases and even extras such as landlord credibility and rated tenants.

### Grade A office space

The most prized and sought-after is Grade A or Class A office space. Typically, office buildings within the Grade A bracket are brand new or have been recently redeveloped, or experienced a thorough refurbishment (typically to BREEAM standards). The properties are prestigious and usually occupy prime locations within major cities such as Central London, Manchester and Birmingham.

Along with the standard of the building itself, Grade A offices will also possess high-quality furnishings, state-of-the-art facilities, and excellent accessibility. The property will be finished in order to compete for premier office users, typically appealing to an international market, and will usually demand rents that are above average for the area.

The Urban Land Institute, an organisation committed to commercial land use policy and practice, provides examples of Grade A office space as: *“the office buildings that you see in the heart of the financial district with lots of brass and glass fixtures and huge, expensive lobbies.”*

These properties are also said to be *“often occupied by banks, high-priced law firms, investment banking companies, and other high-profile companies with a need to provide the trappings of financial success.”*

### Grade B office space

Grade B or Class B office space refers to properties that fall below the Grade A remit, typically in terms of location, facilities and maintenance. The majority of businesses seeking office space will usually opt for a Grade B property, as the rents are often cheaper and supply is more readily available than the more prestigious Grade A offices.

Grade B offices are usually maintained and finished to a good or fair standard, with adequate facilities. Materials used in the construction or fit-out of the building are functional but are not considered to be the highest quality.

These properties are sometimes ex-Grade A. They are often found in the suburbs or slightly cheaper areas, as opposed to Grade A offices which typically occupy the most sought-after locations.

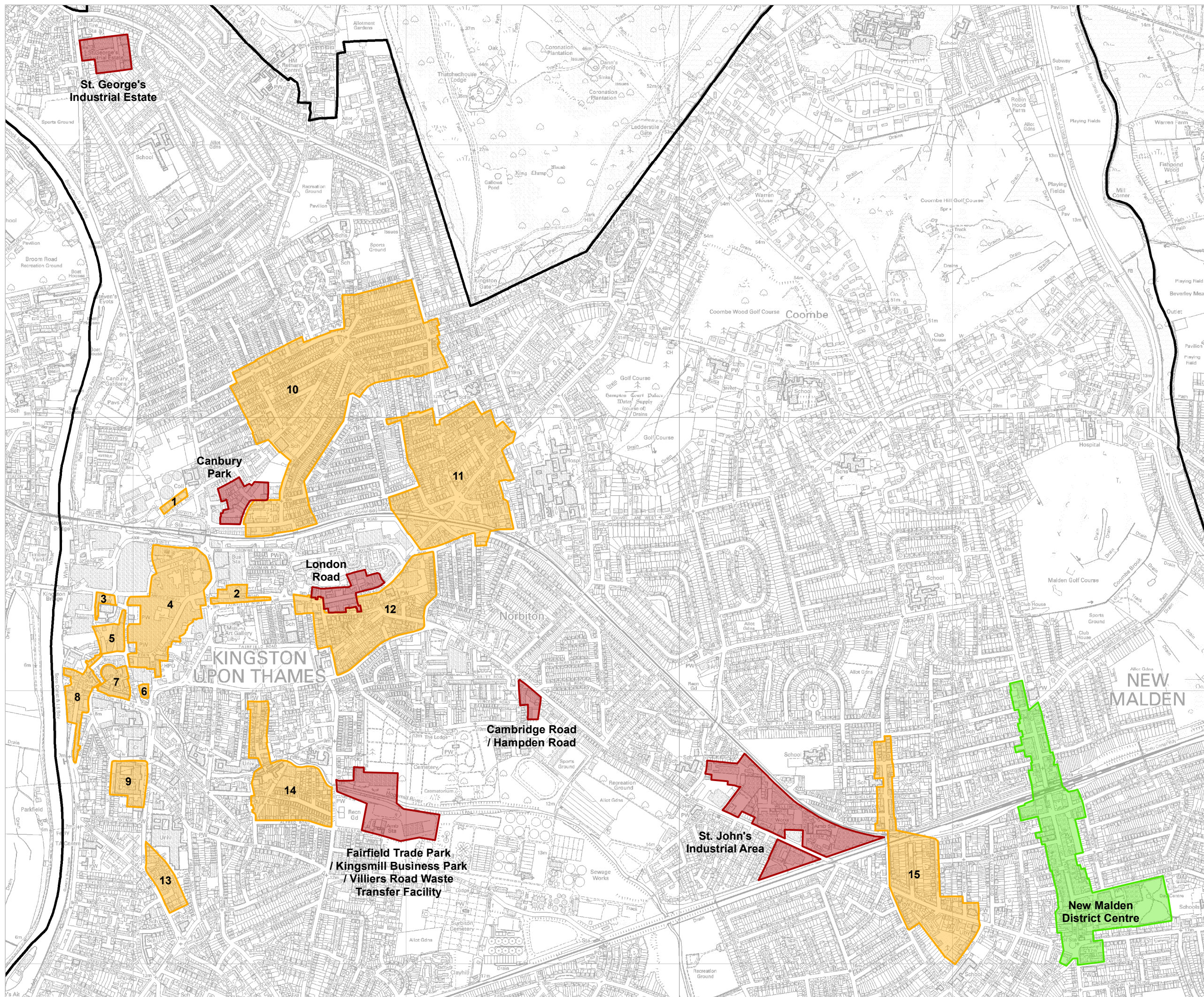
### Grade C office space

Grade C or Class C offices provide functional space for tenants looking for low rents. The fit-out is usually much lower quality than A or B Grade properties, while internal furnishings and decoration are usually not maintained regularly, or to a high standard.

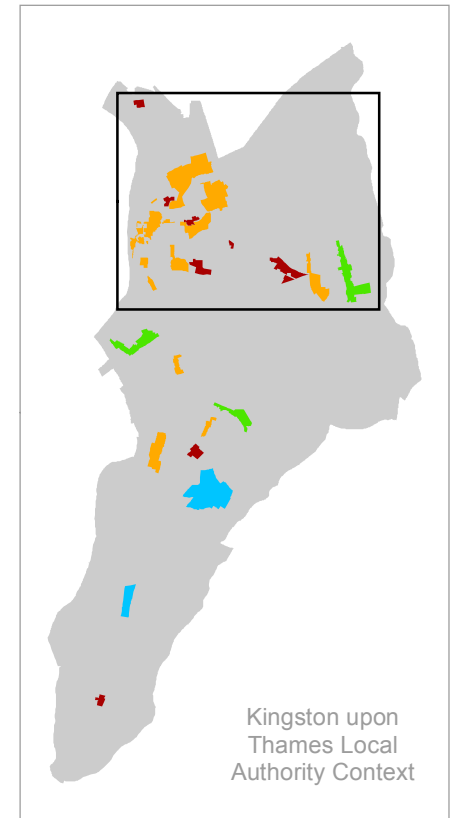
These buildings are typically 15 to 25 years old, but maintain steady occupancy. The Urban Land Institute states that many Grade C offices are not genuine office buildings, but are more like “*walk-up office spaces*” located above retail or service businesses.

Source: Officebroker.com

## Appendix 3 Site Plans



- Key**
- Strategic Industrial Location
  - Locally Significant Industrial Site
  - Other Employment Site
  - District Centre



Project Kingston upon Thames Economic Study

Title Employment Sites

Client Royal Borough of Kingston upon Thames

Date 26.11.2013

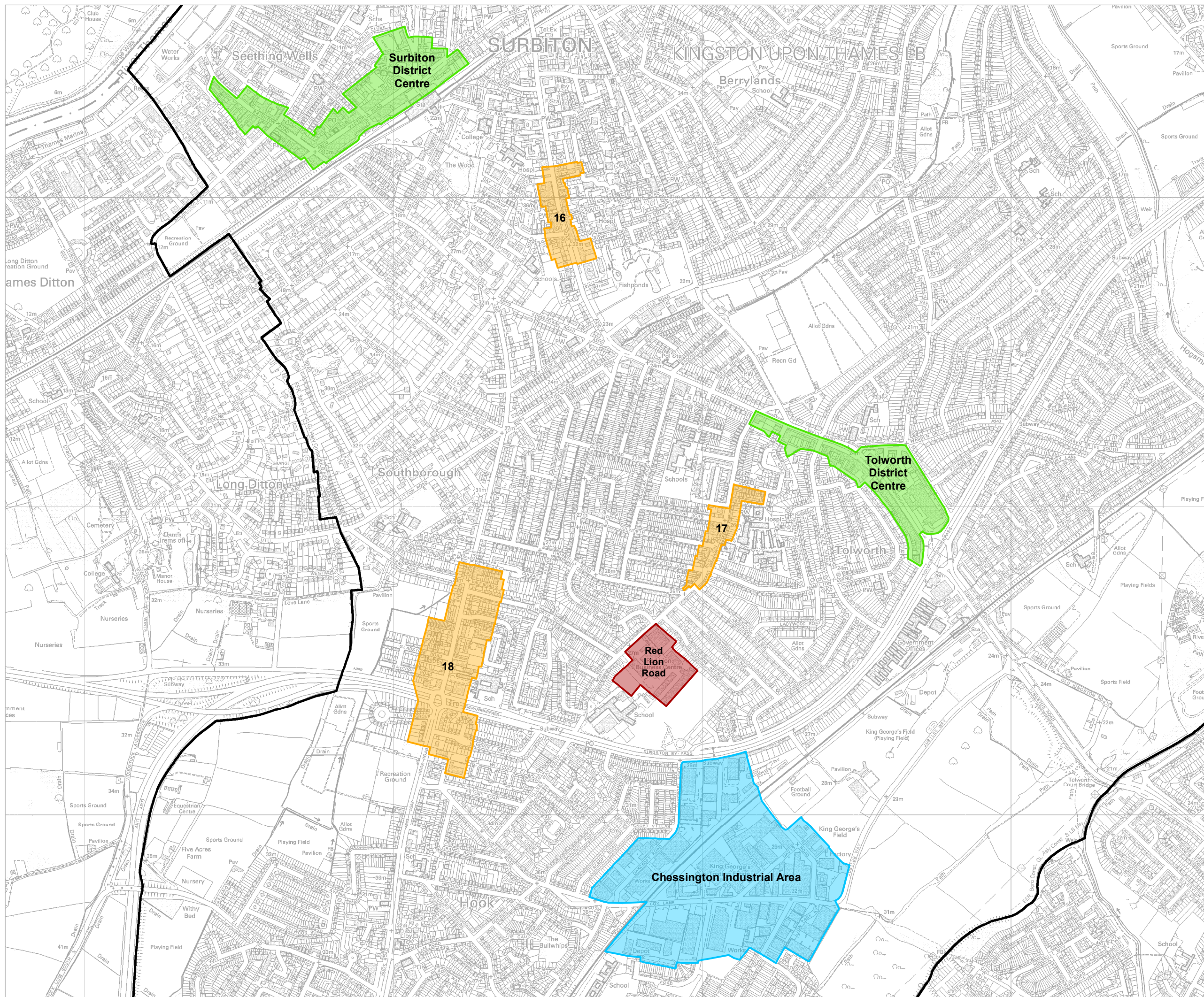
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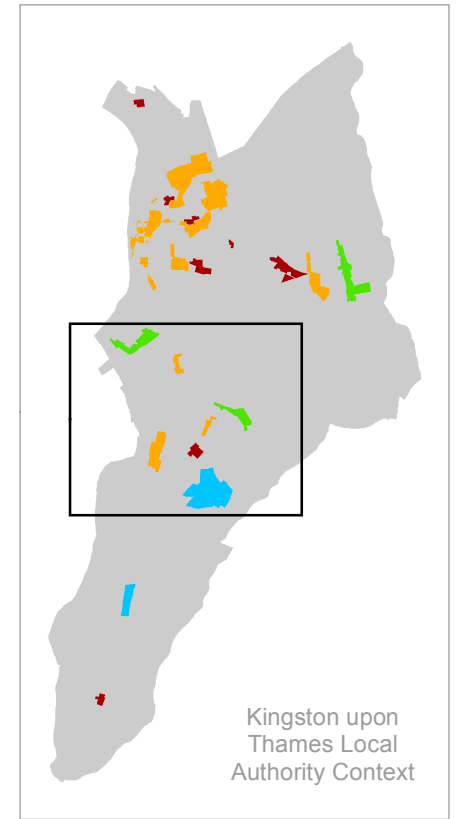
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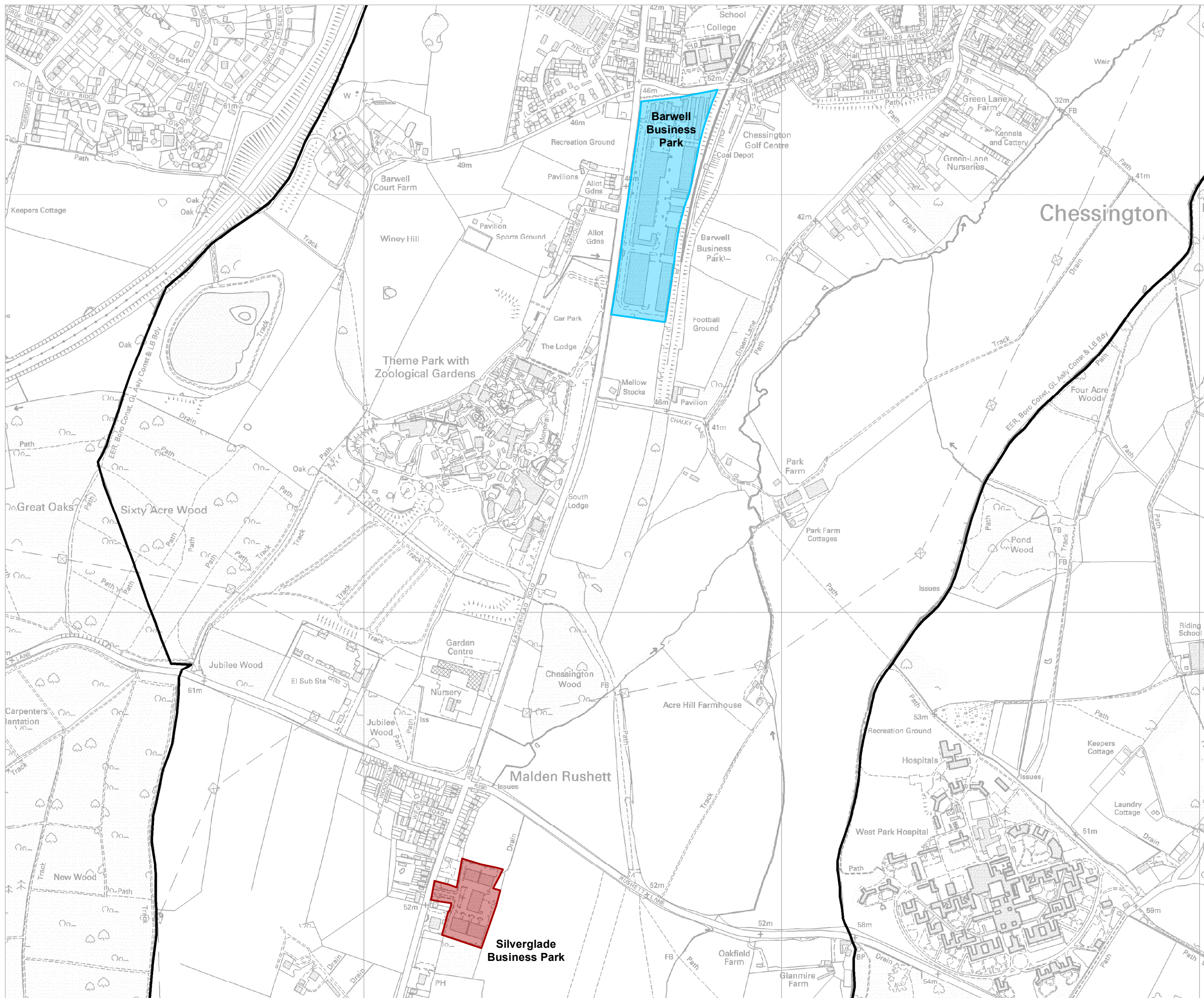
- Key**
- Strategic Industrial Location
  - Locally Significant Industrial Site
  - Other Employment Site
  - District Centre



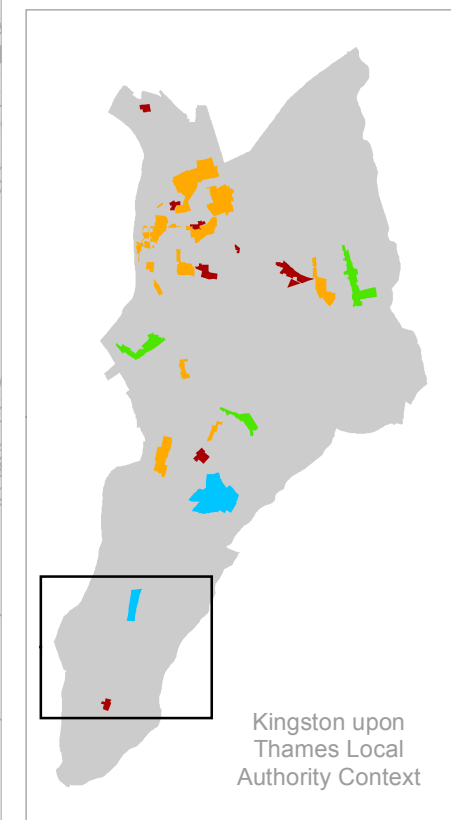
**nlp** Nathaniel Lichfield & Partners  
 Planning. Design. Economics.

Project Kingston upon Thames Economic Study  
 Title Employment Sites  
 Client Royal Borough of Kingston upon Thames  
 Date 26.11.2013  
 Scale -  
 Drawn by MAR  
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- Key**
- Strategic Industrial Location
  - Locally Significant Industrial Site
  - Other Employment Site
  - District Centre



Project Kingston upon Thames Economic Study

Title Employment Sites

Client Royal Borough of Kingston upon Thames

Date 26.11.2013

Scale -

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Drg. No GIS13660/01-03



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## Appendix 4 Site Assessment Criteria

The proposed criteria for assessing the quality/condition of allocated and other existing sites reflecting the particular circumstances of the local authority area are set out below. These criteria mainly relate to the inherent value of a site rather than current conditions on it, although such characteristics would also be noted. Additional criteria would apply to undeveloped allocated/development sites although ownership and availability information may not be possible to obtain in many cases and a judgement may need to be made on these.

Each site is given a score of between 1 and 5 against each criterion (1 = poor, 5 = very good). No individual weightings are attached to different criteria.

Scorings can reflect a combination of different factors applying to the same criteria and a balanced judgment has to be made on an appropriate overall score.

### Strategic Road Access

5 = **Very good:** within 2 Km of strategic road junction/ via good unconstrained roads

1 = **Poor:** over 5 Km from strategic road junction/access, and/or through constrained/local roads, and/or through town centre or residential areas etc.

***NB: Strategic road is typically defined as a motorway or 'A class' trunk road.***

### Local Accessibility

5 = **Very good local access:** via free moving good roads avoiding residential areas/difficult junctions; unconstrained vehicle access to the site with good visibility/lack of queuing; close access to range of town centre public transport services

1 = **Poor:** difficult/narrow road access, via residential roads, difficult site access junction, congested local roads; low level/limited range/infrequent public transport services nearby

### Proximity to Urban Areas and Access to Labour and Services

5 = **Very good:** near centre of urban area with wide range of services nearby; proximity to sizeable residential areas providing local labour supply

1 = **Poor:** remote isolated site, no local services or residential areas nearby

### Site characteristics and development constraints

5 = **Very good:** generally level site, regular shape, over 3 ha in size; low flood risk (Zone 1); no conservation or landscape constraints on scale of

development; no adverse ground conditions or abnormal development costs; no other significant constraints on new development

1 = **Poor**: sloping/uneven site; under 0.5 ha, irregular/narrow shape, other severe constraints; within flood risk Zone 3; conservation or landscape constraints on scale of development; adverse ground conditions or abnormal development costs

### Proximity to incompatible uses

5 = Within larger employment area/no incompatible surrounding land use

3-4 = B1 use adjoining residential/other sensitive uses

1 = B2/B8 adjoining residential/other sensitive uses

### Market Attractiveness

5 = **Very good**: high profile/high quality appearance, managed site; good environment and quality of occupiers; under 10% vacant; viewed as attractive by agents/occupiers; recent investment/development activity, strong demand, units rarely available

1 = **Poor**: run-down unattractive appearance/location; attracts lower end users and over 25% vacant space/buildings; vacant units not marketed; no recent investment; units remain vacant for lengthy period

### Sequential Status

Applies to existing/potential office sites only – identifies whether site is in town centre, edge of centre or out-of-centre location in NPPF terms

### Barriers to Delivery

Identify any factors that would constrain development of the site for employment uses e.g. site occupied, need for infrastructure

### Planning Factors

Identify any planning designations or policy constraints that could affect development of the site for employment uses



## Appendix 5 Site Assessments

Site Reference	Site Name	Total Area (ha)	Estimated Not Developable Area (ha)	Site Status	Assessment Criteria								Future Development Potential				General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE ( / 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses		
1	<b>Kingsgate Road</b>	0.29	0	Local Employment Area (no specific status)	3	3	4	4	3	3	20	Located within the North Kingston Development Area and Kingston Town Centre Key Area of Change	None obvious but no undeveloped plots	Scope for redevelopment in the short to medium term	B1a, B1c	Small site located 300m due north of the Kingston town centre that comprises the Kingston Business Centre and a two storey 1950s building used for light industry. It forms part of the North Kingston Development Area that also includes the adjoining Gas Holder site, Kingston College buildings and Kingsgate surface car park. Local access to the site from the town centre involves crossing the noisy, unattractive A308 that runs along part of the site. Some of the office and light industry floor space is currently vacant, and could be difficult to re-let considering the condition of the premises. Development of the small site in isolation is unlikely considering the proposed transformation of the North Kingston Development Area as a whole.	
2	<b>Old London Road</b>	0.81	0	Local Employment Area (no specific status)	3	3	4	5	3	4	22	Located within an Area of Special Character and the Kingston Town Centre Key Area of Change	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a	Situated in the Kingston town centre area around 300m south of the railway and bus stations. While the majority of the site contains retail and residential uses, a number of small office units are also located within the area. Well-designed pedestrian access links the site with the town centre, while connecting roads link the site with the A3. Some car parking provision is on Old London Road and the surrounding back lanes, which tends to create a more congested streetscape. Premises are mostly in good condition with several old buildings renovated into high-quality office units (e.g. Kopshop). Close proximity to town centre services and residential neighbourhoods makes the site attractive for smaller firms, which is reflected in the full occupancy.	
3	<b>All Saints Church</b>	0.31	0	Local Employment Area (no specific status)	3	3	4	3	3	3	19	Located within a Key Area of Conservation, Strategic Area of Special Character, Kingston Town Centre Key Area of Change and the Thames Policy Area	No obvious barriers to delivery of the vacant plot	Scope for redevelopment in the short to medium term	B1a	Mostly undeveloped site that surrounds the listed All Saints Church in Kingston town centre. The site comprises open space and commercial premises that adjoin the historic building. Being within a town centre location, the site is well served by pedestrian and public transport access, and is also in close proximity to the A308 link road. Office floor space in the site is small to medium sized, and is located above ground floor shops. A high level of vacancy in the site, particularly on Clarence Street, does not reflect the prime location and condition of the premises. Redevelopment of the vacant open space provides a short term prospect for intensification, although barriers will exist in relation to the impact it will have on the historically listed landmark.	
4	<b>Kingston Retail Core</b>	8.60	0	Local Employment Area (no specific status)	3	3	4	5	3	3	21	Located within an Area of Special Character and the Kingston Town Centre Key Area of Change	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a	Encompasses a large employment site in the downtown area, including premises along parts of Clarence Street, Fife Road and around Eden Walk Shopping Centre. Strategic access is via the train station and A308 to the north, while local access is via bus routes, pedestrian networks and parking facilities. It offers a vibrant location for a range of firms, with premises varying by floor space and condition. With a minimal amount of modern development occurring in the town centre, the majority of office units remain of older stock. There is also a high proportion of office space available for letting.	
5	<b>Market Place</b>	1.08	0	Local Employment Area (no specific status)	3	3	4	4	3	3	20	Located within a Key Area of Conservation, Strategic Area of Special Character, Kingston Town Centre Key Area of Change and the Thames Policy Area	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a	Group of commercial premises surrounding the historically significant market place in the Kingston town centre, comprising nearly all small offices located above ground floor shopping units. Access to the highly pedestrianized area is primarily through the proximate train station, bus services, car parking facilities and the A308 to the north. It benefits from being a prime location in the town centre, but still displays a significant proportion of vacant office units. With no modern, high-grade premises in the area, the range of available office units is limited to older stock. To advance the town centre area, renovation or redevelopment of the existing premises is needed to boost the market attractiveness of the prime town centre location.	

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Site Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha)	Site Status	Assessment Criteria								Future Development Potential				General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE (/ 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses		
6	St James Road	0.14	0	Local Employment Area (no specific status)	3	3	4	5	2	4	21	Located within the Kingston Town Centre Key Area of Change	Single occupier site unlikely to be available for the open market and limited by the Hogsmill River bisecting the site	No scope for redevelopment in the medium term	B1a	Large, single occupier site located at the junction of the A307 and A240 in Kingston town centre. It is fully taken up by a seven storey office building of older but adequate condition, and is presently occupied by the multinational Unilever. Access to the premise is made possible through surrounding bus stops, a ten minute walk to the railway station and the provision of a large car park building attached to the site to the north. While the office site is currently occupied, it could be challenging to attract other tenants to the site if Unilever was to relocate. Further development of the small site is also unlikely considering the lack of available land and the natural constraint of the Hogsmill River enclosing the site to the south.	
7	Guildhall Complex	1.11	0.10	Local Employment Area (no specific status)	3	3	4	5	3	3	21	Located within a Key Area of Conservation, Strategic Area of Special Character, Site of Importance for Nature Conservation, Kingston Town Centre Key Area of Change and the Thames Policy Area	Limited by the Hogsmill River bisecting the site	No scope for redevelopment in the medium term	B1a	Forms a part of the Old Town Conservation Area in Kingston town centre. It accommodates the Guildhall, a large five storey office block, a two storey mixed use building and the County Court. As a prime location in the downtown area, the site is served by relatively good pedestrian routes both within and around the complex. Local access is also delivered from nearby bus stops, a short walk to the train station and underground car parking. Buildings within the site are of excellent condition and are occupied by Local Council and County Court operations. Potential intensification of the site exists with the open yard in the middle of the complex, although redevelopment would need to consider the listed building and Hogsmill River located within the site.	
8	High Street	1.94	0	Local Employment Area (no specific status)	3	3	4	5	3	3	21	Located within a Key Area of Conservation, Strategic Area of Special Character, Site of Importance for Nature Conservation, Kingston Town Centre Key Area of Change and the Thames Policy Area	Limited by the Hogsmill River to the north and Thames River to the west	No scope for redevelopment in the medium term	B1a	Forms the south-west part of Kingston town centre and is bordered by the Thames River to the west. It is strategically positioned in walking distance to the Kingston railway station and along the A307 link road. Local access to the downtown area is via bus services, pedestrian routes and some car parking facilities within the town centre. Office premises found within the site range from small first floor units to large office blocks, and are mostly of reasonable quality. Despite a relatively prime location both next to the town centre and rejuvenated riverside, a high proportion of premises are vacant. No identified development constraints exist, but the full take up of available land means development would most likely be through redevelopment or renovation.	
9	Surrey County Council Buildings	1.92	0	Local Employment Area (no specific status)	3	4	5	4	3	3	22	Located within the Kingston Town Centre Key Area of Change	None obvious but no undeveloped plots	Scope for redevelopment in the short to medium term	B1a	Small site containing the Grade II listed Surrey County Halls and the adjoining office buildings. It is found in the southern parts of the Kingston town centre where strategic access to the A240 is given. Regular bus services and on-site parking enhance local access to the site. It is largely characterised by the prestigious heritage buildings and landscaping of the County Hall, while the adjoining uses include the Kingston University campus, Crown Court buildings and residential areas. The adjoining office buildings within the site seem to be largely underutilized, with some of the floor space currently used for community activities. Further, there is open space alongside the office block that is currently used for parking that could be considered for redevelopment.	
10	Shortlands Road Area	29.54	0	Local Employment Area (no specific status)	3	3	4	3	3	3	19	Located within a Conservation Area and Local Area of Special Character	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1c	Large site due north-east of the Kingston town centre comprising primarily residential and small retail shopping premises. It has adequate strategic access with close proximity to the Kingston train and bus stations, and the A308 and A238 link roads. Buses also service the site, but tight suburban roads and limited car parking makes the area less accessible. The only identified commercial premise was a three storey building on Canbury Park Road that provides serviced office and workshop studios. It is a fully developed site of older stock, with some vacancy existing. It is unlikely development of this site, or other premises in the area, will occur considering the residential character and low profile of the area in the commercial market.	

Site Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha)	Site Status	Assessment Criteria								TOTAL SCORE (/ 30)	Future Development Potential				General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	Planning Factors	Barriers to Delivery		Timescale for Delivery	Potential Uses			
11	Norbiton Area	17.63	0	Local Employment Area (no specific status)	3	4	4	4	3	3	21	Located within a Conservation Area	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1c	Lies just outside the Kingston town centre to the east, about 500 m from the Norbiton train station. Notable office premises are situated along the A308, while some smaller office and light industry sites are also found in the suburbs. Local access is via regular bus services, and off-street parking provided in most of the larger sites. Lack of parking and crowding can be an issue for the suburban sites. While not a prime locale relative to the Kingston town centre, it does contain a number of modern office premises that benefit from the strategic location. However it could be difficult to re-let some of the buildings if tenants were to relocate, with vacancies already prevailing. For the most part, sites are fully taken up and no development constraints exist.		
12	Victoria Road Area	11.77	0	Local Employment Area (no specific status)	3	3	5	3	4	2	20	Located within an Area of Archaeological Significance and Local Area of Special Character. Part of the site also has planning consent for development of a vacant site at London Road into a single building development of 6-storied, comprising 6 flats with communal garden and a self-contained commercial unit of A1/A2 (retail/financial services) and B1 (office use).	No obvious barriers to delivery of the underutilized plots	Scope for redevelopment in the short to medium term	B1a, B1c	Mostly residential area situated on the fringe of Kingston town centre, comprising only a minimal amount of small, older commercial premises. It has good strategic access to the railway station in Kingston, and also benefits from proximity to the A308 and A2043. However local access is largely restricted to bus routes along Cambridge Road and little car parking provision. Office and light industry premises are of mostly declining condition, despite relatively high occupancy rates in the area. Some prospects to redevelop are made available through a vacant plot within a small cluster of premises. Redevelopment of these low grade premises would help enhance the attractiveness of the area and improve the suitability with adjoining housing.		
13	Southsea Road	1.72	0	Local Employment Area (no specific status)	3	3	4	3	3	3	19	Located within an Area of Archaeological Significance	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1c	Small site located on the A240 between the main urban centres of Kingston and Surbiton. It comprises office and light industry units that cater for small to medium sized firms. The more prestigious, renovated office buildings are situated on the A240, while more modest light industry and workshop units are located on Southsea Road. While regular bus routes service the site, inadequate car parking provision tends to congest the narrow roads and create an unappealing streetscape. High levels of occupancy characterise the site despite some premises being of below average condition, which reflects a need in the market being filled. It is unlikely that further growth can occur in the site considering all available land has been fully taken up.		
14	Horace Road Area	7.17	0	Local Employment Area (no specific status)	3	2	4	3	3	3	18	Located within a Conservation Area, Local Area of Special Character, Area of Archaeological Significance and Site of Importance for Nature Conservation	Limited by the Hogsmill River to the north	No scope for redevelopment in the medium term	B1a, B1c	Contains some office premises and light industry workshops within a residential neighbourhood. Access is constrained by narrow roads, poor car parking provision and no bus service within the site. However it is within a 15 minute walk from Kingston town centre and benefits from proximity to local labour. Premises are of second hand stock but decent quality, and display a good level of occupancy. Existing premises provide floor space for small and medium sized firms. Attractiveness of the work space is reduced by congestion from street parking, particularly along Horace Road. The expansion of the site is not only restricted by surrounding housing and campus land uses, but also by the Hogsmill River that borders the site to the north.		
15	Kingston Road	10.82	0	Local Employment Area (no specific status)	4	3	4	4	3	3	21	Located within a Local Area of Special Character. Part of the site also has consent for the demolition of existing buildings. Erection of 1x4-storey block of 6 flats (3x2 bedroom and 3x1 bedroom) to include associated cycle parking, landscaping and parking provision for 7 vehicles and 2 storey office building to rear.	None obvious but no undeveloped plots; extant planning permission to demolish building and construct part of the site with a two-storey office block	Scope for redevelopment in the short to medium term	B1a, B1c	Relatively large site to the west of New Malden town centre, mostly comprising housing and small main street shops. It also contains some office floor space of limited size along the main road and in the suburban areas. These premises have good strategic access to the railway station in New Malden and the junction to the A3. Local access is via both off- and on-street car parking, and good bus services along Kingston Road. Located within a dense urban area, the site benefits from proximity to local services and labour, but is restricted in development by a lack of available land. Except for a modern two storey office block development, premises are of older stock that would principally appeal to smaller local businesses.		

Site Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha)	Site Status	Assessment Criteria								Future Development Potential				General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE ( / 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses		
16	Ewell Road	3.33	0	Local Employment Area (no specific status)	4	3	4	4	3	4	22	Located within a Conservation Area	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1c	Located within 1 km south of the Surbiton train station and 2 km north of the A3 junction. It comprises a mix of shops, housing and offices along the main road, and some small light industry space within the suburban area. While offices are largely of small to medium scale, and located above ground floor retail units, the Millbank House offers a large, modern office building with a prestigious setting. Local access to the site is via bus services on Ewell Road, with limited car parking provision in the area except for Millbank House. Despite some vacancies existing, the site lies along a vibrant main road that would be expected to appeal to a variety of office-based businesses in the market. Further development would be constrained by a lack of available space.	
17	Tolworth Suburb	2.63	0	Local Employment Area (no specific status)	3	2	3	4	3	2	17	Located within an Area of Archaeological Significance and the Tolworth Key Area of Change	None obvious but no undeveloped plots	Scope for redevelopment in the short to medium term	B1a, B1c	Lies within a highly residential community, comprising a small amount of office units that are limited to the use of small local firms. It is strategically positioned around 1 km from the A3 junction and a 20 minute walk to the Tolworth train station. Some bus services run along Red Lion Road, but only minimal car parking is delivered along the narrow street. Office units within the site are characterised as small, second hand premises, with some of the vacant stock falling into disrepair. Located in a suburban area away from town centre activities could limit the attraction to firms. While further development in the dense residential neighbourhood would be difficult, there are prospects to redevelop a vacant strip of commercial premises in the site.	
18	Hook Road	11.69	0	Local Employment Area (no specific status)	3	3	3	4	3	3	19	Located within the Tolworth Key Area of Change	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1c	Large site comprising mostly residential and retail uses, with some small to medium sized office and light industry space. It is strategically located along the A243 near the A3 junction, and is also in close proximity to the Tolworth railway station. Local access to the office units on the A243 is via good bus services but minimal car parking, while the industrial site allows for greater car parking provision. No modern developments exist within the site, with the commercial premises of typically older stock. The larger light industry site is located to the south of the A3 off the main road, and is currently occupied by BT Fleets. Most of the floor space within the site is occupied, but the low market attractiveness could make re-letting the premises difficult.	
19	St George's Industrial Estate	2.02	0	Locally Significant Industrial Site	2	5	3	2	3	4	19	N/A	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1c	Located around 2 km north of the Kingston town centre in the residential area of Ham. While located on the A307, it is relatively isolated from major roads that connect with the remainder of the region. However strong local access is given via bus services, on-site car parking and wide internal roads. Containing one large office block and a number of medium to large industrial and warehousing units occupied primarily by trade counters, the industrial site benefits from a high-quality work environment and good market attractiveness. No obvious development constraints exist within the site, but fully taken up land and almost complete occupancy makes further development of the small industrial estate unlikely over the short term period.	
20	Canbury Park	1.80	0	Locally Significant Industrial Site	3	3	5	3	3	4	21	Located within an Area of Archaeological Significance	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1b, B1c, B8	Lies in the northern parts of the Kingston town centre with close access to the train and bus stations, and the A308 link road. Several sites comprise the employment area, with mainly smaller units provided for office, light industry and trade warehousing uses. While good local access is delivered from the town centre location, the site suffers from narrow roads that bisect the area and make access for larger vehicles difficult. The adjoining sites include commercial, residential and open space uses. Generally, the conditions and occupancy rates are above average, particularly the floor space at Canbury Business Park, which reflects the prime location of the site. Fully developed and within a dense urban area, it is unlikely that further expansion could occur.	

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21	London Road	1.90	0	Locally Significant Industrial Site	3	4	5	4	3	4	23	Located within an Area of Archaeological Significance. Part of the site also has consent for Change of Use of existing warehouse to Use Class B2 (MOT Testing Centre/Motor Servicing and Repairs) to include 8 car parking spaces.	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1c	Comprises a number of office units and light industry workshops along the A308 link road, located within strategic proximity to the Kingston town centre. Local access is via bus routes and adequate car parking within premises, which helps generate an appealing streetscape along London Road. Some housing adjoins the site, but commercial premises mostly fit in with the surrounding land uses. Commercial premises accommodate both large and small businesses, and are nearly all of high-quality. Notable premises include several older buildings that have been renovated into small office units. While no obvious development constraints exist, the dense urban location and high occupancy rate means further site development would be not be expected.	
22	Cambridge Road and Hampden Road	0.71	0	Locally Significant Industrial Site	4	2	4	3	3	3	19	Located within the Norbiton Key Area of Change	No obvious barriers to delivery of the underutilized plot	Scope for redevelopment in the short to medium term	B1c, B2, B8	Small site located on the A2043 between Kingston and New Malden, comprising an assortment of mostly auto service and industrial premises. While some car parking is offered within the site, much of the commercial frontages are congested with vehicles, particularly along Hampden Road. Surrounding land uses include housing and the Kingsmeadow playing grounds, which provides some open space alongside the site that could be expanded into. Premises are of older stock and average condition, but high occupancy rates suggest reasonable levels of demand exist for space in the site. Intensification of the employment site could make better use of the open space currently used for car parking.	
23	St John's Industrial Area	9.09	0.15	Locally Significant Industrial Site	4	3	4	3	4	4	22	N/A	No obvious barriers to delivery of the vacant plot	Scope for redevelopment in the short to medium term	B1a, B1c, B1b, B2, B8	Strategically positioned along the A2043 to the west of New Malden town centre, within 2 km of the A3 junction. Local access via bus services is given along the A2043, while internal access is constrained by poor site layout, narrow roads and congestive street parking. Bordered by railway lines to the north and south, it is mostly surrounded by residential and commercial land uses. Despite a relatively low profile, strong levels of activity and only partial vacancy seem to exist. Commercial floor space is of all older stock and includes industrial, warehousing, trade counter and office (i.e. Kingspark Business Centre) uses. Opportunities to intensify the site exist by making use of vacant plots, which would help boost the market appeal.	
24	Fairfield Trade Park, Kingsmill Business Park and Villiers Waste Transfer Facility	5.08	0	Locally Significant Industrial Site	3	4	4	4	3	4	22	Located within an Area of Archaeological Significance, Site of Importance for Nature Conservation, a Waste Site and the Surbiton Key Area of Change	Limited by adjoining sewage treatment works and cemetery, and the Hogsmill River bisecting the site	No scope for redevelopment in the medium term	B1a, B1b, B1c, B2, B8	Three adjoining sites located between Kingston and Surbiton. Local access is well-designed with wide entrances and adequate parking provision, although congestion occurs in Fairfield with cars spilling onto the access. Contained within the sites are offices, light industry, warehousing and flexible floor space, while Villiers' accommodates civic amenities. Overall, the sites offer modern, appealing space that is reflected in low vacancy levels. It is surrounded by the sewage treatment works, housing, a cemetery, and open space, which tend to constrain expansion of the site, while the Hogsmill River that bisects the employment site also acts as a barrier to development.	
25	Red Lion Road	3.77	0.51	Locally Significant Industrial Site	4	3	3	2	4	3	19	Located within an Area of Archaeological Significance and the Tolworth Key Area of Change	No obvious barriers to delivery of the underutilized plots	Scope for redevelopment in the short to medium term	B1a, B1b, B1c, B2, B8	Contains the modern Chancery Gate Business Centre, and a mix of older industrial and warehouse units. It lies in a suburban area of Tolworth surrounded by housing, a recreation centre, a school and open playing fields. The site benefits from proximity to urban amenities and strategic access to the A3 just 500 m down the road. While some bus transport is given in the vicinity, narrow suburban roads make access more difficult. Poor internal access and congestion indicates an inefficient use of the site, while a piece of land also remains undeveloped (i.e. presently used as a car show room lot) that could be used for intensification. The site exhibits a high level of occupancy and expansion into the seemingly unused adjoining field could be considered.	

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26	Silverglade Business Park	2.15	0	Locally Significant Industrial Site	3	5	1	4	3	4	20	Located within the Green Belt	Limited by adjoining Green Belt land	No scope for redevelopment in the medium term	B1a, B1b, B1c, B2, B8	Medium sized estate located along the A423 within the small settlement of Malden Rushett. The position of the site benefits from strategic access to the M25 junction that is just 3 km to the south, but is otherwise isolated from the offerings of built up urban areas. Access into and within the site is well designed with wide roads, an abundance of car parks and landscaped areas helping to make the park an attractive place to operate. Despite the estate providing relatively high-grade business and light industry premises, some vacancies still exist amongst the light industry units. Further development of the site is largely hindered by the site already being fully taken up and its location within the Green Belt reducing prospects to expand.		
27	Chessington Industrial Area	34.91	0	Strategic Industrial Location	4	3	3	3	4	4	21	Located within a Waste Site. Part of the site has extant planning permission to demolish building and construct 4,821 sq m of B1/B2/B8 floor space	None obvious but no undeveloped plots	Scope for redevelopment in the short to medium term	B1a, B1b, B1c, B2, B8	Located near the A3 in the mostly residential area of Chessington. It is the largest industrial area in the Borough and accommodates space for a mix of business and industrial uses. As expected in such a large site, a variety of premise conditions and a certain level of vacancy exist. Several bus routes offer links to the area, although local access is hindered by the network of suburban roads to the east. Internal roads within the site are also largely congested with street car parking slowing traffic flows, particularly for heavier vehicles. Surrounding uses include housing to the south and west, the A3 to the north and open land to the east. Opportunities to further intensify and expand the large, high-profile industrial area do exist.		
28	Barwell Business Park	7.58	0	Strategic Industrial Location	3	5	2	4	4	4	22	Located within the Green Belt. Part of the site has extant planning permission for change of use to B1/B2/B8 floor space	Limited by adjoining Green Belt land and railway lines	Scope for redevelopment in the short to medium term	B1a, B1b, B1c, B2, B8	Large site located on the fringe of Chessington on the A423, around 4.5 km north of the M25 junction. Access is delivered via regular bus services and ample car parking on-site. The business estate offers a range of premises for office, hi-tech, trade warehouse, industrial and distribution uses, within a well-designed and modern environment. It is fully developed with no real potential to intensify, although a relatively high amount of vacancy remains within the estate. For the most part, Green Belt land adjoins the park to the east, west and south, while some residential areas exist to the north. It fits in well with surrounding uses but is limited in further expansion by Green Belt land and the railway lines and Coal Depot to the immediate east.		

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					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE ( / 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses		
	<b>New Malden District Centre</b>	16.90	0	District Centre	-	-	-	-	-	-	-	N/A	Part of the site has a now implemented planning consent for Change of use of unit to rear ground floor from A1 to offices and conversion of first floor to 2x1 bedrooms, including the erection of a new rear side staircase to first floor and new walkway, and insertion of new openings to the rear at ground and first floor, together with cycle store and bin enclosure.	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1b, B1c	Lies in the eastern part of the Borough, around 4 km due south-east of Kingston town centre. It is strategically located to benefit from good access with the sub-regional rail networks and the junction with the A3. Comprising mostly retail units along the High Street, and encircled by residential areas, the site only offers a small number of office premises. The office space in the district centre is dominated by the fairly modern Apex Tower and CI Tower developments, and to a lesser extent, the older office stock found on Blagdon Road. Proximity to a major labour supply and good local via train and bus services, and parking facilities adjoining each of the office towers, have helped strengthen their market attractiveness. In contrast, the declining office premises on Blagdon Road prompt less market appeal and have a higher amount of vacant floor space, with potential for these sites to be redeveloped.
	<b>Surbiton District Centre</b>	11.90	0	District Centre	-	-	-	-	-	-	-	N/A	Located within a Conservation Area and part of the area has planning consent for Demolition of existing warehouse and erection of 2 x 2 bedroom and 1 x 1 bedroom houses and an office building with access from St Philips Car Park (Outline application to consider Access, Appearance, Layout and Scale).	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1b, B1c	Situated about 2 km south of Kingston town centre, and is largely characterised by the strong strategic access it offers to commercial tenants via Surbiton railway station. While less accessible to the A3 junction around 2.5 km to the south, the site does benefit from reasonable local access via bus and train routes, and adequate car parking provision. The commercial floor space found in the district centre is largely located around the main street, which delivers an appealing streetscape for occupiers. Despite the supply of office premises varying by size, age and state, a number of notable office premises in close proximity to Surbiton train station tend to dominate the supply of space. Overall, the attractiveness of Surbiton is centred on its supply of modern premises within an appealing district centre setting, and good strategic access to the sub-region, which is reflected in its relatively low vacancy rates.
	<b>Tolworth District Centre</b>	8.00	0	District Centre	-	-	-	-	-	-	-	N/A	Located within an Area of Archaeological Significance	None obvious but no undeveloped plots	No scope for redevelopment in the medium term	B1a, B1b, B1c	Positioned alongside the A3 in the heart of the Borough, about 4 km to the south-east of Kingston town centre. Smallest of the district centres, it primarily accommodates space for small retailing along Tolworth Broadway, notwithstanding Tolworth Tower that provides a significant amount of commercial office floor space. Local access is via buses and trains, and car parking is offered within the Tolworth Tower premise. Access is largely influenced by road use, with the A3 a significant presence that tends to detract from the amenity of the site for prospective occupiers. A major workforce supply surrounds the district centre in the suburban areas, but relatively limited urban services are located within the site vicinity. While the Tolworth Tower delivers a large, modern office development, vacancies have existed in the site that has caused part of the available floor space being transformed into a hotel.



## Appendix 6 Definition of B Class Sectors

The method used for re-categorising the employment forecasts by sector into B-Class uses is summarised below.

Apportionment of B Class Sectors to Land Uses

Experian Sector	Proportion of Jobs by Use Class		
	B1 office	B2 industrial	B8 warehousing
Agriculture, Forestry & Fishing	Non B-Class		
Extraction & Mining	Non B-Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	0%	100%	0%
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities		57%	
Construction of Buildings	Non B-Class		
Civil Engineering	Non B-Class		
Specialised Construction Activities	0%	59%	0%
Wholesale	0%	11%	89%
Retail	Non B-Class		
Accommodation & Food Services	Non B-Class		
Land Transport, Storage & Post	0%	0%	49%
Air & Water Transport	Non B-Class		
Recreation	Non B-Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	26%	0%	0%
Other Private Services	Non B-Class		
Public Administration & Defence	10%	0%	0%
Education	Non B-Class		
Health	Non B-Class		
Residential Care & Social Work	Non B-Class		



## Appendix 7 Experian Baseline Forecasts

Experian Sector	Workforce Jobs			
	2013	2031	Change 2013-2031	% Change 2013-2031
Agriculture, Forestry & Fishing	3	2	-0.8	-25.0
Extraction & Mining	10	10	-0.1	-1.0
Food, Drink & Tobacco	70	80	10	14.3
Textiles & Clothing	60	20	-40	-66.7
Wood & Paper	60	40	-20	-33.3
Printing and Recorded Media	240	210	-30	-12.5
Fuel Refining	0	0	0	0.0
Chemicals	160	200	40	25.0
Pharmaceuticals	1	2	1.13	129.9
Non-Metallic Products	110	80	-30	-27.3
Metal Products	220	220	0	0.0
Computer & Electronic Products	110	90	-20	-18.2
Machinery & Equipment	0	0	0	0.0
Transport Equipment	10	10	0	0.0
Other Manufacturing	520	440	-80	-15.4
Utilities	280	350	70	25.0
Construction of Buildings	950	1,140	190	20.0
Civil Engineering	100	120	20	20.0
Specialised Construction Activities	2,590	3,030	440	17.0
Wholesale	5,090	5,800	710	13.9
Retail	11,520	12,940	1420	12.3
Accommodation & Food Services	1,430	1,800	370	25.9
Land Transport, Storage & Post	170	190	20	11.8
Air & Water Transport	4,810	6,110	1300	27.0
Recreation	4,910	5,800	890	18.1
Media Activities	810	1,050	240	29.6
Telecoms	290	330	40	13.8
Computing & Information Services	3,960	5,360	1400	35.4
Finance	1,820	2,820	1000	54.9
Insurance & Pensions	30	30	0	0.0
Real Estate	1,370	1,420	50	3.6
Professional Services	7,430	10,280	2850	38.4
Administrative & Supportive Services	12,720	17,180	4460	35.1
Other Private Services	3,120	3,930	810	26.0
Public Administration & Defence	2,930	2,280	-650	-22.2
Education	8,950	10,720	1770	19.8
Health	6,100	7,290	1190	19.5
Residential Care & Social Work	5,000	6,270	1270	25.4
<b>Total</b>	<b>88,270</b>	<b>107,970</b>	<b>19,700</b>	<b>22.3</b>



## Appendix 8 Business Survey Quotes

An online business survey was undertaken as part of the study with a sample of 49 local businesses across a range of sectors and locations within Kingston. A selection of quotes taken from the survey is presented below by theme.

### Difficulties in Finding Suitable Premises

*“The Royal Borough of Kingston has a well-run and caring Council, but I personally feel it will catch a cold allowing office space to be converted to residential. I know from speaking to commercial agents that we are not the only business looking and struggling to find premises within the Borough.”*

*“I tried for six months in 2010 to find suitable premises and could not find anything. I was lucky that the previous business owner at my current premises terminated the lease, so I was able to take it over.”*

*“We have been looking at sites in Kingston for two months, and whilst we don’t want to leave, other boroughs have more to offer by way of offices.”*

*“We have not found an alternative premise for our needs within Kingston. We have looked as we were approached by developers to sell our premises.”*

### Supply of Business Premises in Kingston

*“I keep an eye on the market and there seems to be choice out there.”*

*“There appear to be enough sites presently. In fact there are at least a dozen empty ones at the moment. I think the mix of sizes and locations is good... I feel the rents have been too high for a long time and we have suffered because of this.”*

*“I feel there are an adequate number of premises in Kingston. One only needs to look at the number of vacant premises or closing businesses. The problem is not the lack of premises but the high overheads.”*

*“The commercial property market is changing rapidly at the moment. There is a lack of space caused... by the loss of office space to residential as a result of changes in planning law brought in last year. There has been no new development of office space in the Royal Borough of Kingston for ten plus years.”*

*“Not enough quality office space that has all we need in the Borough.”*

*“There are currently no premises of around 1,500 sq ft with B1 or B2 usage in the area.”*

## Interest in Flexible or Managed Workspace

*“I see [flexible or managed workspace] as pivotal to giving the High Street a steady flow of regular custom.”*

*“It is more likely that we would offer [flexible or managed workspace] in the future if we expanded and had surplus space in our two joined premises. We frequently have enquires for spare space from associated businesses.”*

*“[While] we would not be [interested in flexible or managed workspace], we anticipate that others would as at least one serviced office centres has, or is about to, close due to redevelopment.”*

*“Hot-desking would not suit us, but shared space could.”*

## Kingston as a Business Location

*“But for the fact I live in Kingston and have family here, Kingston is not a good place to run a high-tech [company].”*

*“Kingston Council appears to have little interest in fostering hi-tech business, [with] Kingston seen and promoted as a retail and residential area.”*

*“Kingston town centre is untouchable, unless you are a big corporate. Rent and rates are far too high.”*

*“Above all, the price of rent and rates is a big factor to where we can relocate or expand to. As an independent business, it is very difficult to set up in the town centre of Kingston-upon-Thames or the surrounding areas. A lot is based on the cost of rent and rates for a business to succeed, and the area does not supply enough smaller units at an affordable rate for independent businesses.”*

*“Property is too expensive to offer a good supply of graduate level staff, which we need. They can achieve higher salaries in Central London.”*

*“If overheads, mainly rent rates, increase, it is debatable whether to continue the business in this location.”*





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