CENTRE FOR LONDON

Working Space: Does London have the right approach to industrial land?

Industrial Land Commission: Initial Conclusions | September 2021

Nikita Quarshie and Nicolas Bosetti, with Josh Cottell

About Centre for London

We are London's think tank.
Our mission is to develop new solutions to London's critical challenges and advocate for a fair and prosperous global city.

We are a politically independent charity.
We help national and London policymakers think beyond the next election and plan for the future.

We have ideas with impact.
Through research, analysis and events we generate bold and creative solutions that improve the city we share.

We believe in the power of collaboration.
We bring together people from different parts of the city - with a range of experience and expertise - to develop new ideas and implement them.

As a charity we rely on the support of our funders.
Our work is funded by a mixture of organisations and individuals who share our vision for a better London.

Find out more about our work at **centreforlondon.org**

Centre for London is a registered charity and a company limited by guarantee.
Company Number: 8414909. Charity Number: 1151435. Registered in England & Wales

The Commission

Centre for London is convening an independent, expert-led commission on the future of industrial land in London, chaired by Liz Peace CBE, supported by a secretariat at Centre for London. The Commission is exploring how London can make best use of limited available land to meet the city's competing needs. Our key areas of investigation include:

- What role does industrial land play in London's economy, and how is this changing?
- How do we balance the need for industrial land with other uses?
- How can London optimise its use of industrial land, and what can local, city and national government do to support this?

This paper

The aim of this paper is to invite comments on our initial conclusions. It also includes a review of evidence on which these conclusions are based.

We would really welcome your feedback on our initial conclusions. You can do so by completing this form.

Acknowledgements

We would like to thank our commissioners for their advice and comments on the this paper: Mark Brearley, Director, Kaymet London Limited; Andrea Charlson, Senior Advisor, ReLondon; Jessica Ferm, Associate Professor, Bartlett School of Planning, University College London; Dr Stefania Fiorentino, Lecturer, Department of Land Economy, University of Cambridge and Associate Member of the Cambridge Centre for Housing and Planning Research, University of Cambridge; David Francis, Director, West London Alliance; Caroline Harper, Chief Planning Director, Be First; Neil Impiazzi, Partnerships Development Manager, SEGRO; Paul Lewin, Planning Policy and Projects Manager, London Borough of Brent; Holly Lewis, Partner, We Made That; Gerald Mason, Senior Vice President, Tate & Lyle Sugars; Rob McNicol, Acting London Plan Team Manager, Greater London Authority; Martyn Saunders, Director, Planning, Development and Regeneration, Avison Young and Liz Peace CBE, Chair of Trustees, Centre for London. Nevertheless, the views expressed in this report are solely those of the authors, and all errors and omissions remain our own.

This project would not have been possible without the generous support of our Principal Sponsor SEGRO, and our Supporting Sponsors Be First (London Borough of Barking & Dagenham), and the London Boroughs of Brent, Ealing, Enfield and Southwark.

1. Industrial land in London today

London's industrial land market: Squeeze on space

London's industrial land is under pressure. In the last 20 years, the city released almost six million square metres, about 23 per cent of total industrial space. At the same time demand for industrial land did not fall,[1] so the competition for industrial premises in the capital has intensified. Vacancy rates, which stood at 16 per cent in 2001, are now around four per cent across the city[2] - a lower vacancy rate than for office space.[3]

Increased competition for industrial premises has led to a steep rise in rental prices and land values. Of course, there is a huge range of occupiers on London's industrial land market and their requirements vary, and so vacancy rates and land values are highly segmented. Generally, land value pressures have been felt most intensely in central and inner London where demand has been strongest and where a greater proportion of industrial land has been released. In some areas the increase in industrial land values has been astounding. In 2020, land values in Park Royal were as high as £7 million per acre, up from an average of £2.5 million in 2017.[4] And according to forecasts, the rise in industrial land values is set to continue at pace: over the next five years, London and the wider South East region could see a 50 per cent increase in its industrial rental values.[5]

Rising prices and increasingly constrained supply of industrial land make it difficult for smaller and emerging businesses to compete with sectors willing to pay higher land costs for central locations. 52 per cent of businesses surveyed by the Federation of Small Businesses in 2018 maintained that in five years' time, they didn't expect to be in the same London locations due to issues around affordability and availability of space.[6] Moreover, the lack of affordable space also prevents businesses from being able to expand into larger and more suitable sites as their operations grow, again leading to the displacement of certain activities.[7] For businesses that have had to relocate and still require access to London markets, this can lead to higher carbon emissions and traffic congestion – we explore this later in the paper. Those businesses that remain are often having to deal with ageing premises, since rent increases are driven by the scarcity of available space, rather than landlords investing in the quality of facilities.

The rise in industrial land values has been such that in some London areas, industrial land values have surged past residential land values, according to anecdotal evidence presented to the Commission. While high industrial land values can slow down the loss industrial premises overall, only higher value industrial uses stand to benefit – such as logistics sheds or data centres. Other uses that cannot afford higher rents, such as small makerspaces or workshops, would continue to be priced out of the city.

The land of 1,001 activities

London's industrial land hosts a huge diversity of activities. At a time when some of London's industrial heritage building have been converted into spaces for national art galleries or expensive homes, it would be easy to think of the city's industry as a relic of the past. However, London still relies on critical industrial infrastructure to function and support the daily lives of its residents and businesses. These range from waste disposal sites and water storage to the warehouses that ensure that our homes, businesses, and shops are supplied with the goods we need.

Until as late as the 20th century, London was a major centre for manufacturing and maritime trade. Though heavy industry began to leave the capital in the 1960s and 70s, London still retained a diverse network of industrial activities and sites. Some of these are more 'traditional' types of industry - such as food factories, wholesale food suppliers, steel refineries, motor repair, and storage for aggregates and construction materials. However, the activities that take place on industrial sites are wide ranging and include, but are not limited to, film production, servicing and repairs, recycling and distribution.

As the city's economy evolves, many traditional forms of industry have changed or given way to other types of operations that take place on industrial sites. Large-scale manufacturing is now the exception rather than the rule. Newer activities are emerging such as last-mile consolidation centres and dark kitchens, serving the growing consumer demand for ultra-convenient food and goods deliveries. And increasingly critical infrastructure such as data centres reflect how practically all jobs have become digitally enabled.

Nonetheless, despite the evolution of some industrial activities, the perception of industry as heavy, dirty, and smelly remains in the public imagination.

The nature of certain industrial activities does mean that they require specific types of industrial sites that are also strategically located to operate successfully. For example, large scale manufacturing and logistics operations need servicing areas, loading bays, yard space, access roads and holding areas for vehicles ranging from heavy goods vehicles to electric vans. Some activities need to operate around the clock, making them more 'difficult' neighbours to locate near homes, and resulting in them being hidden from view in strategic industrial locations.

But other industrial operations are easier neighbours to accommodate and are not necessarily cordoned off away from residents and town centres. Many, such as printers, bakeries, motor repairs and laundries, are nestled into the city's high streets and residential areas. For example, within London's 'Maker Mile' district, which includes Hackney and Tower Hamlets, manufacturing and making has become embedded into a mainly residential and commercial area because the processes of these businesses are mostly non-polluting and quiet. Proximity to one another and to the local community has allowed local manufacturers to diversify their activities and blur the line between manufacturing, sales, design and training.[8]

Public perception and business voice

Despite its crucial role, activities happening on industrial land are not always well understood and receive relatively little attention. Many industrial activities, from waste management to the delivery of goods and services, do their job so efficiently that Londoners scarcely notice them happening.

Additionally, some of the newer activities that take place on industrial estates, such as coffee roasting or dark kitchens, may be less recognisable as industry, therefore leading to a misunderstanding of the sector, and a lack of public support.

This misunderstanding is experienced not just by the public but also by some development professionals and decision makers, who may not be aware of the changes and new trends in the sector.[9] According to a leading expert on industrial land, while

the new use classes have introduced more flexibility, their ambiguity poses a new challenge for planning officers around how to define industrial uses that don't fit neatly into existing use class orders.

Within individual sectors, there are organisations that speak on behalf of and build visibility for their respective industries. Such organisations are more common at a national level, with examples such as Logistics UK which represents the interests of all logistics and buyers of freight services. At the London level, networks such as the UKFT London Manufacturers have sought to bring together fashion manufacturers and address the common issues that threaten their stability and growth as well as create employment in disadvantaged areas.[10]

There also are organisations that lobby on behalf of all businesses – for example the London Chamber of Commerce and Industry is important in providing a voice for a range of businesses of all sectors and sizes and has contributed to processes such as the Examination in Public for the London Plan.

However, according to a team member we spoke with, they are rarely proactively asked about issues around industrial land.

In 2017 the Greater London Authority created the Industrial and Logistics Sounding Board, a coalition of occupiers, business representatives, academics, and planning and property experts to independently scrutinise and respond to the Draft London Plan's policies on industrial land. A member of the Sounding Board we interviewed said the Board acted as an important starting point for building a collective voice across different stakeholders who use industrial land and ought to have a continuing role – the Board was last active in 2018.

Currently, no coalition exists to speaks exclusively on behalf of all industrial land users in London. The diversity of industrial activities, and the fact that most of the industry is made up of micro and small and medium enterprises may present a challenge to the building of such a coalition.

2. Policy context

This section looks at the key policies that impact on the availability of industrial land. We focus on land use and planning policies, as these have direct impacts on land supply. Of course, there are other policy areas, such as transport or housing policies, which effect on the availability of industrial land premises. For example, industrial businesses usually need to make and receive deliveries, so restrictions on freight and delivery vehicle access, or lack of loading space, can make premises earmarked for industrial use unviable for most industrial activities. We are exploring the issue of freight as part of our Freight and Deliveries research project.

Designation and release

Some planning tools are available to protect industrial uses. Many industrial sites are 'designated' – which means that local authorities can require that development proposals do not "compromise the integrity or effectiveness of these locations in

accommodating industrial type activities."[11] Designations were originally introduced to separate industries from other city activities, to prevent nuisances for residents, and to safeguard land for essential functions. Today around two thirds of industrial land is protected by 'strategic' and 'locally significant' status.

London's experience of deindustrialisation, paired with a growing population and economy has meant that in the last two decades, the city's industrial land (both occupied and vacant) has provided a valuable source of land for housing, offices, retail, cultural institutions, and parks. Industrial land release, and in particular the conversion of industrial land to residential use, has been encouraged by London mayors and governments' 'brownfield first' strategy to increase housing stock by densifying the inner city.

The pressures on London's industrial land have been intensified by other political commitments that constrain land supply – such as housing targets, strict protections on development in the Green Belt, conservation areas, or opposition to taller buildings, especially in the suburbs and in the rest of the Wider South East. Many local authorities have felt they have no choice but to allow the release of industrial land, to even have a chance of meeting housing targets.

No net loss

The Draft London Plan published in July 2017 acknowledged the importance of industrial and logistics land for London's economy in the face of diminishing supply. Research commissioned by the Greater London Authority (GLA) showed that between 2010 and 2015, London released industrial land three times faster than it had planned to - exceeding monitoring benchmarks set by the GLA in 2011.[12] In acknowledging this problem, policies E4-E7 of the Draft Plan sought to develop a framework to better manage the protection, release and conversion of designated land and thus make best use of existing industrial land. This included intensifying and co-locating industrial activities and working with local authorities elsewhere to substitute some of London's industrial land capacity. Central to this framework was the 'no net loss' policy - a protection mechanism that sought to safeguard remaining industrial capacity by requiring that conversion of industrial spaces to other uses should be offset within London, except in a few exceptions.

But upon review the Secretary of State asked for the removal of the 'no net loss' policy, arguing that its removal was necessary for London to meet its housing targets and out of a desire to give boroughs more flexibility to identify industrial land that could released or redeveloped for housing.[13] This removal will make it harder to protect against the continued release of industrial land.

Some respondents to the London Plan consultation were also concerned that intensification was not going to happen on a scale required to make up for any release of industrial land. Intensification generally refers to initiatives that increase industrial floorspace. These include retrofits (for example by adding basements or small units to existing buildings), redevelopment, to create stacked industrial premises, or making existing uses more efficient (for example, through sharing yards). However, industrial tenants and developers made the point that intensification will not be suitable for all

occupiers and their operational needs, and in cases where it can work, it can be very expensive – as building structures, access ramps and inability to phase development mean high upfront cost and risk.[14]

Permitted development

According to a senior London politician that we spoke to, a further extension to Permitted Development Rights will have a major impact on industrial land in London. The extended Right, which was first introduced in 2017, allows offices and light industrial units to be converted to housing without planning permission.[15] The use of Permitted Development is controversial, since although it has contributed to increasing housing stock in London the quality of some of that new sock has been highly questionable and in addition it has reduced the space available to small businesses.[16] Extensions to these rights were introduced in 2020 to allow more light industrial uses, which now belong to a new and broader Use Class E (commercial, business and service) to be converted to residential.

The 2020 reform will impact on non-designated industrial land, such as smaller sites often scattered around London's high streets, on the fringes of commercial areas and even within neighbourhoods, which make up over a third of London's total industrial land. While strategic industrial locations (SILs) and locally strategic industrial sites (LSIS) have stronger policy protection, the PDR would also apply there for vacant buildings that previously hosted a Class E use.

3. The value of industrial land to London

"Just having housing is not sustainable…a fair, equitable and desirable city has a synergy between different uses"- Director, architectural practice

Practically every aspect of city life is supported by industrial land – and some of these essential activities need to take place within London.

As London continues to redevelop land for the homes it needs, industrial infrastructure plays a complementary role in supporting and servicing these residential developments - whether it's the concrete batching plants essential for constructing homes, the recycling sites that deal with household waste, or the warehouses that store the goods we need. Whilst not all of these functions have to take place in London, as the city moves towards the net zero carbon, having industrial sites close to neighbourhoods and other centres of demand for goods and services will be essential in order to optimise the mobility of goods, reduce congestion, deliver alternative transport modes, and develop a more circular/zero waste economy. On top of this, industrial activities provide a wide range of jobs. Though less obvious, industrial activities also support London's cultural life. For example, behind the scenes of an institution as internationally renowned as the Barbican Arts Centre is a network of set makers, food and drink manufacturers, printers, lighting specialists, logistics businesses and more that allow the venue to function.[17]

The economic and employment benefits of industrial land

Industrial activities support the functioning of London's economy and create employment. In 2019 industrial jobs in manufacturing, construction, wholesale and repair, and transport and warehousing sectors comprised up to 12 per cent of overall jobs in the capital.[18] The total gross value added (GVA) of these sectors amounted to £78.1 billion in 2017, roughly 16 per cent of London's GVA[19]. Limits to industry codes, such as the UK Standard industrial classification of economic activities (SIC) used to define 'industrial' jobs, means that these figures will change depending on what sectors are understood as industrial. Park Royal alone, one of London's largest industrial sites which hosts many, diverse small and large businesses, is estimated to generate approximately £3.5 billion GVA per year.[20]

Industrial land supports the growth in jobs within sectors critical to servicing and supporting London. Whether it's mechanics repairing cars, manufacturers developing vaccines, or fashion designers and tailors working in the East End - these different types of jobs benefit from access to industrial land within or close to the city. Between 2015 and 2019, employment in food manufacturing in Greater London grew by 48 per cent, construction by 35 per cent and logistics, warehouse and distribution by 23 per cent.[21] Additionally, the shift to a circular economy, which will involve a reduction of London's waste could lead to around 40 new facilities to reuse, repair and remanufacture materials, and create up to 12,000 new, green jobs.[22]

While the number of jobs that industrial land supports is important, so too is the range of employment it provides. Certain activities such as heavy manufacturing may have declined, but this has given way to a diversity of both high- and low-skilled jobs that attract different talents.

Industrial jobs also provide routes for career progression, and training opportunities for Londoners with low or no qualifications. Such opportunities can be particularly valuable in areas surrounding industrial estates that experience high levels of deprivation.[23] Because industrial land is more distributed across the city than office space, and thanks to the diversity of operations that take place on industrial estates, industrial land supports a wide range of entry level jobs. For example, micro mobility logistics operators such as Pedal Me provide entry-level jobs that require specialist skills by offering an extensive four-year training programme in partnership with the City of London Corporation.[24] Troubador Theatres film and TV studio is another example of local contribution to employment and skills development. The studio, which will be built as part of the development of Meridian Water, will also host a skills academy that will provide training for residents on how to work in the film and television industry.[25]

Meeting London's environmental goals

The Mayor has committed to reach net zero carbon emissions in London by 2030, as a critical step in addressing the climate emergency. With a fifth of London's total carbon emissions coming from road vehicles, decarbonising road transport is a major part of this agenda.[26] Transport for London identifies the loss of industrial land as one of the main drivers of the increase in vehicle kilometres travelled by vans to deliver the same value of goods and services.[27]A senior member at one of the UK's largest trade associations emphasised to us that in order to ensure speedy and greener freight

movements, especially as online shopping increases, London will need suitable sites for micro-consolidation and to support the transition towards electric vehicles. London now has close to 6,000 electric vehicle charging points, leading the way among other European cities.[28] However, the capital will need well-located land and depots to house the number of vehicles needed, and these vehicles will also need to be serviced and maintained.[29]

The availability of industrial land in the future will also help the capital achieve the other prongs of its environmental strategy. The London Plan's target for net-self efficiency by 2026 (i.e. 100 per cent waste managed within London) requires the protection of existing waste sites as well the provision of new ones. While the shift to a circular economy will see a reduction of London's waste, according to the London Infrastructure Plan 2050, this will require investment in new facilities in order to reuse, repair and remanufacture materials.[30]

The operations of certain industrial activities also support the city's wider environmental goals. Crucially, industrial space hosts the construction businesses that will participate in greener construction and the much-needed retrofit revolution. Some industrial uses can generate low carbon heating – for example the excess heat generated by data centres has the potential to supply district heating systems.[31] As other industrial sectors evolve and achieve their own sustainability goals, increased data centres and broadband connectivity will also be vital for technological innovations such as robotics and data sharing platforms needed to ensure more efficient operations.

Sustaining innovation in science, technology and culture

London is a world leader in science, technology and creative sectors, and innovation in these sectors either requires access to, or is supported by industrial land in the capital. Industrial sites traditionally offer affordable areas that sustain London's innovation and creative scene, act as an incubator for start-ups, and help stimulate the social and professional network that generate creative dynamism and new ideas.

Access to affordable and flexible spaces supports London's creative and innovative ecosystem - one in which a graduate from one of London's universities or specialist schools can, through access to people, tools, and sites, go on to produce and create within the city. A biomanufacturer we spoke to mentioned that as a young company, a lot of their team are recent graduates in their early 20s and 30s who want to live in the city. While their company had piloted a facility in the south of England, they struggled to find highly skilled workers with the same level of expertise and access to newer knowledge as those they had previously worked with in London. Similarly, makers in Tower Hamlets and Hackney have been explicit about the significance of London in providing access to talent, establishing links with other businesses for both custom and collaboration, and enabling access to markets.[32] Having a wide range of activities taking place within close proximity to one another also means that designers and creators can test ideas quickly. Makers have also highlighted how being located close to residents has enabled them to offer places where communities can come together to share tools and knowledge. From a policy perspective, this proximity could also help revitalise high streets – through the emergence of hybrid light industrial and retail spaces – such as Bread Ahead or makerspaces.

4. Future trends

Because good land use allocation takes future needs into account, this section looks at how the key pressures on London's industrial land are likely to change in the future.

Housing need

London has a population of approximately nine million, and according to pre-pandemic estimations, this is expected to rise to 10.8 million by 2041.[33] While Covid-19 has created a lot of uncertainty around population projections and future housing need, the city is still under enormous pressure to provide quality and affordable homes.[34]

Changes to how we work and live

Empty shelves during the COVID-19 pandemic highlighted our dependence on industrial infrastructure such as logistics to get the goods and supplies that we need. The pandemic also resulted in a much greater proportion of the goods that people purchase being delivered to their door, rather than purchased in person – in a shop or restaurant. According to the Office of National Statistics, online purchases made up 34.6 per cent of total UK retail sales in February 2021, compared to 18.3 per cent in February 2019.[35] The lifting of restrictions may lead to a short-term reduction in e-commerce, but it is likely that some of this expanded demand will remain in place.

In addition to buying goods online, there's been an increase in the expectations of consumers for fast, frequent deliveries of goods of various kinds – and this is likely to continue. Fulfilling these expectations will increasingly need last mile sites that are close to consumers, particularly in the case of perishable goods with short shelf-lives, and to ease congestion. These factors have increased demand within already growing industrial sectors such as third-party logistics and 'big box' distribution. Industrial space take-up (the amount of space being leased) and investment volumes across London in Q1 2021 were double the amount recorded in the same quarter last year, with retailers and distribution centres accounting for 70 per cent of this take-up.[36]

The pandemic has also highlighted how quickly changes can be made to the way we work, and the tools necessary to support this transition. As new technologies and innovations bring forward what has been termed the 'Fourth Industrial Revolution', the way we work and the types of jobs we do are expected to change further. London will require the land and talent necessary to remain competitive and support the emergence of new technologies –from the production of robotics and development of software to the recycling and re-use of goods. Policy regulating land use will need to be responsive to economic changes and provide flexibility, so new sectors can emerge in the capital.

Demand for industrial land following COVID-19 and Brexit

The COVID-19 pandemic appears to have led to an increase in demand for industrial land in the UK, due in significant part to the increase in online shopping described

above.[37] The pandemic also highlighted to companies the vulnerability of international supply chains to external events. It may trigger a generalised shift towards building more resilient production and logistics capacity, as organisation shift away from just-in-time management with long co-dependent and very lean supply chains, to a just-in-case footing favouring the local over the international, and the robust over the efficient.

Meanwhile, the exit of the UK from the European Union (EU) is likely to change goods transport across borders. Businesses may need more storage space due to increased processing times, and EU traders may need to locate some of their distribution activities in the UK to avoid some of the trade friction introduced by Brexit.[38] The opposite may also be true – some UK firms no longer trading with the continent – so while we know Brexit will impact demand on London's industrial land, it's still unclear how this restructuring will unfold.

5. Initial conclusions

Based on the evidence on past and future trends, we have come to the following conclusions to guide the development of our recommendations:

1. Evidence suggests that we do not have enough industrial land in London.

Rapidly rising land values and extremely low vacancy rates are signs that London's industrial land market is overheating. There is demand for industrial premises but the market often doesn't provide the right space, in the right location and at the right price. This is creating problems London does not want to have, which we go into in subsequent points.

2. Further reductions in industrial land will impact on London's economic success and its ability to respond flexibly to changing patterns in society.

As set out earlier in the paper, London's industrial land supports a broad range of activities that keep London ticking – from the construction of new homes to utilities, and from waste remediation to the restocking of supermarket shelves. Many industrial businesses are core to London's innovation economy and offer a wide range of jobs, some of which are highly skilled.

Industrial land hosts strategic activities that must happen within the city's boundaries – and those often have specific requirements, making it impossible or unviable for them to relocate. For example, utility networks need stations within the city, and high-end manufacturers rely on having a large pool of skilled workers locally. The scarcity of land means it is more difficult to accommodate these activities in London.

Some industrial activities need very specific conditions to operate – such as large sites or proximity to transport links – that make it virtually impossible to re-locate within the city, let alone within any given local authority. Other light industrial activities work well in mixed use neighbourhoods, though many will also have operational requirements, such as freight and deliveries.

3. Industrial land is definitely poorly understood. We need a more co-ordinated voice to speak out for its economic contribution to London

Because industrial activities operate out of view from most Londoners, the need for industrial land feels remote to their daily experience of the city. In raw political terms, there are more votes in housing that industrial land.

Some industrial occupiers feel misunderstood by public opinion and local authorities – and there is still a legacy view that industrial activities are predominantly dirty, noisy and polluting, or generally constitute an unproductive use of land.

Many industrial occupiers also say their voices have been crowded out from the public debate – either by other economic sectors, or because the land use pressures are seen as essentially a London problem. This can play against industrial land use and users in planning decisions.

Decision making about land use will therefore require a broader and better understanding of the value of industrial land to the city, and to help with this, a stronger voice from businesses that use and rely on industrial premises.

4. There are some types of industrial activity which have to be within London's boundaries and these should be 'protected' in some way, but others could work well elsewhere.

Many of the remaining industrial activities remaining in the city need to locate here – because they provide essential services to Londoners and support the city's economy, or rely on the skills of London workers. But other activities may be 'legacy' industrial activities, which are located in London because they started here, but could operate elsewhere, though this depends on the cost of relocation.

5. Employment opportunities are as important as housing provision – and the latter should not, in policy terms, be allowed to trump the former.

Londoners needs places to work as well as to live – and industrial activities make up for 12 per cent London's jobs, according to our estimate in section 3. As we've shown, industrial land encompasses wide variety of jobs across the capital, at all skill levels.

6. Sustainability implications of moving industrial land outside London also matter.

Moving industrial activities further out of the city increases miles driven by freight and delivery vehicles, and increases their carbon and air pollution impacts. Boosting reuse and repair activities will also require land within the city. London will therefore need industrial land to meet net zero carbon targets.

7. There needs to be some sort of 'intervention' to achieve the outcomes set out above – it is for further debate whether this should comprise protection of some sort for some or all types of industrial land or whether it is better to do it by means of light-touch interventions - and whether those interventions come at national, London, or borough level – or a combination of all three.

8. **Whatever the intervention, the London Plan should always determine overall land use strategy. To enable this to happen, changes to the London Plan process would be needed:**
    - **The government's role in approving the London Plan should be limited, for example, to a small number of nationally important issues**
    - **The London Plan process should be more nimble, to allow for a more responsive industrial land strategy.**

There needs to be a citywide strategy on industrial land supply: release of industrial land in one local authority impacts on demand in others – and many industrial uses serve more than just a local function.

But any industrial land strategy will need to be responsive – the last iteration of the London Plan took five years from initiation to publication. During such a long period of delay it is very difficult for policies to react to changing circumstances.

On top of this, London's industrial land use strategy should not be overruled by central government, expect for a limited number of matters of national importance, since London politicians are better placed to represent the interests of the city, its residents and workers.

9. **'Industrial land' is too broad a classification - intervention should include introducing more granular definitions for industrial land designation (see 4. above). Designation could be based on criticality, neighbourliness or other criteria yet to be determined.**

As shown earlier, there is a huge diversity in the activities taking place industrial land, but this is generally not reflected in the designations that local authorities make, which are usually 'blanket' designations. There are a few exceptions, for example in safeguarding waste disposal sites or wharves, but generally designation is not based on local and citywide needs, site constraints and opportunities. This makes it particularly difficult for planning authorities to encourage the provision of types of industrial land that are most needed locally, to encourage the best use of the existing land, and to manage potential conflicts with nearby uses.

On top of this, London-wide targets are useful but they don't say much about local need and local context. For example, freight consolidation requires small to medium size spaces in dense areas for last mile deliveries, while bigger sheds are needed at the London fringe. Understanding what industrial uses add most economic, social or environmental value to different London areas would help planning authorities decide where to protect, release or add industrial land, and of what kind.

The ability of industrial activities to operate within the city also differs. Some activities work well near homes, shops or offices, while other industrial processes can't mix with other uses – for example because of their hours of operation or the traffic they generate. An index of neighbourliness would help with land use decisions, could encourage more mixed use, or make sure industrial processes are not jeopardised by development nearby.

It is up for discussion whether boroughs should have an increased role in specifying these different requirements – as doing this well will require increased levels of expertise to work out a more complex industrial land usage policy.

10. Intensification of industrial land use offers a supplement to protection but it is expensive and there would need to be financial support from the government or the GLA to facilitate intensification of existing sites.

Intensification should be encouraged – we have heard from an industrial land developer that intensification of industrial land is still a rarity in London, though it is happening more.[39] There are examples of countries where it is more common that London could learn from. The city will need policies that drive investment in intensification, but that are tempered with realistic ambitions given the complexity and cost of intensifying use in some instances.

Policies could be introduced to encourage intensification of industrial land to provide more capacity, for example through a rebate on development taxes or business rates, or through public investment to assemble land or de-risk intensified developments. This would create some additional capacity over time and would also help upgrade building stock.

11. London will need to coordinate its industrial land policies with neighbouring authorities in the Wider South East.

London is already supported by industrial activities outside its boundary, many of which are located elsewhere in the Wider South East.

On the one hand, further reductions in industrial land in London would add pressure onto neighbouring authorities, where land use is even more constrained by Green Belt protections. On the other hand, protecting and providing industrial land within London will not ease pressures by much if surrounding authorities are pursuing opposite strategies – so cooperation across the London boundary will be key.

The Commissioners welcome views on these initial conclusions as we move towards our final policy recommendations. You can submit yours by completing this form.

---

[1] Avison Young, presentation to the Commission
[2] London Assembly Planning Committee (2017) Transcript of Item 6 – Industrial Land in London. Retrieved from: https://www.london.gov.uk/about-us/londonassembly/meetings/documents/s67699/03b%20-%20Minutes-Appendix%201-Transcript.pdf
[3] https://www.savills.co.uk/research_articles/229130/308593-0
[4] Avison Young (2021) Big Box Bulletin. Retrieved from https://www.avisonyoung.co.uk/en_GB/big-box-bulletin-2020-review. Commercial News Media (2017) UK Industrial rents continued to rise in the

last 12 months despite economic uncertainties. Retrieved from: https://www.commercialnewsmedia.com/archives/56995
[5] Knight Frank (2021) UK Industrial Market Dashboard- Key takeaways. Retrieved from: https://www.knightfrank.com/research/article/2021-04-01-uk-industrial-market-dashboard-key-takeaways
[6] Federation of Small Businesses (2018) London Local Election Manifesto. Retrieved from: https://www.fsb.org.uk/static/bb2ebc14-eff0-418f-b92d09ae0a90e1c0/FSB-London-Local-Election-Manifesto.pdf
[7] Ferm, J. and Jones, E. (2015) London's industrial land: Cause for concern?. Retrieved from: https://discovery.ucl.ac.uk/id/eprint/1461419/1/Ferm%20Jones%20London%27s%20Industrial%20Land%20-%20working%20paper%20final%202015.pdf
[8] Cities of Making (2020) Case study report: The maker-mile in East London. Retrieved from: https://citiesofmaking.com/wp-content/uploads/2021/03/200630_East_London_case_study_report.pdf
[9] London Assembly Planning Committee (2017) Transcript of Item 6 – Industrial Land in London. Retrieved from: https://www.london.gov.uk/about-us/londonassembly/meetings/documents/s67699/03b%20-%20Minutes-Appendix%201-Transcript.pdf
London Assembly Planning Committee (2017) Transcript of Item 6 – Industrial Land in London. Retrieved from: https://www.london.gov.uk/about-us/londonassembly/meetings/documents/s67699/0
[11] Greater London Authority – London Industrial land. https://data.london.gov.uk/dataset/strategic_industrial_land
[12] CAG Consultants (2017) London Industrial Land Demand Study. Retrieved from: https://www.london.gov.uk/sites/default/files/ilds_revised_final_report_october_2017.pdf
[13] Ministry of Housing, Communities & Local Government (2020) Letter to the Mayor of London 13 March 2020. Retrieved from: https://www.london.gov.uk/sites/default/files/letter_to_the_mayor_of_london_13_march_2020.pdf
[14] Segro Plc (2 March 2018). Response to the draft London Plan. Retrieved from: https://www.london.gov.uk/sites/default/files/SEGRO%20%282755%29.pdf
[15] Grimwood, G. (2021) Planning in England: permitted development and change of use. Retrieved from: https://researchbriefings.files.parliament.uk/documents/SN00485/SN00485.pdf
[16] Mayor of London Question Time (2017) https://www.london.gov.uk/questions/2017/2941
[17] We Made That (2017) London Made. Retrieved from: http://www.wemadethat.co.uk/projects/view/london-made
[18] Business Register and Employment Survey, London Employment Count (2019). Total number of employment in: manufacturing; construction; wholesale markets; wholesale and retail trade and repair of motor vehicles and motorcycles, logistics, warehouse and distribution, utilities, waste management and recycling, and transport.
[19] Greater London Authority (2019) Regional, sub-regional and local Gross Value Added estimates for London, 1998-2017. Retrieved from: https://data.london.gov.uk/blog/regional-sub-regional-and-local-gross-value-added-estimates-for-london-1998-2017/
[20] Regeneris Consulting (2016) Industrial Estate Research. Retrieved from: https://www.london.gov.uk/sites/default/files/a01568_industrial_estate_final_report_v2.pdf
[21] Business Register and Employment Survey, London Employment Count 2015-2019.
[22] ReLondon (2020) Boost for circular, low-carbon SMEs announced as London Climate Action Week highlight scale of challenge. Retrieved from: https://relondon.gov.uk/latest/boost-for-circular-low-carbon-smes-announced-as-london-climate-action-week-highlights-scale-of-challenge
[23] Greater London Authority (2011) Industrial Land Demand and Release Benchmarks in London. Retrieved from:
[24] Pedal Me (2019) Our Vision. Retrieved from: https://pedalme.co.uk/2019/11/25/our-vision/
[25] Construction News (2021) Meridian Water development to feature film studio. Retrieved from: https://www.constructionnews.co.uk/buildings/meridian-water-development-to-feature-film-studio-18-01-2021/
[26] London Assembly (2015) Environment Committee- Cutting Carbon in London. Retrieved from: https://www.london.gov.uk/sites/default/files/london_assembly_environment_committee_-_cutting_carbon_in_london_2015_update_0.pdf

[27] Transport for London (2019) Travel in London. Retrieved from: http://content.tfl.gov.uk/travel-in-london-report-12.pdf
[28] Retrieved from: https://www.london.gov.uk/press-releases/mayoral/london-hits-electric-vehicle-charging-points-miles
[29] International Council on Clean Transportation (2020) Quantifying the electric vehicle charging infrastructure gap in the United Kingdom. Retrieved from: https://theicct.org/sites/default/files/publications/UK-charging-gap-082020.pdf
[30]GLA (2014) London Infrastructure Plan 2050: A consultation. Retrieved from: https://www.london.gov.uk/what-we-do/business-and-economy/better-infrastructure/london-infrastructure-plan-2050
[31] Celsius City (2020) Excess heat from datacentres: Let your Insta-selfies heat your home. Retrieved from: https://celsiuscity.eu/waste-heat-from-datacentres/
[32] Cities of Making (2020) Case study report: The Maker-Mile in East London https://citiesofmaking.com/wpcontent/uploads/2021/03/200630_East_London_case_study_report.pdf
[33] The Greater London Authority (2021) The London Plan. Retrieved from: https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf
[34] The Greater London Authority (2016) The London Plan. Retrieved from:
[35]Office of National Statistics (2021) Internet sales as a percentage of total retail sales: https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi
[36] Knight Frank (2021) London & SE Industrial Market. Retrieved from: https://content.knightfrank.com/research/497/documents/en/logic-london-south-east-q1-2021-7980.pdf
3b%20-%20Minutes-Appendix%201-Transcript.pdf
esearch-and-views/research/2021/mar/industrial-and-logistics-report-2021"
https://www.lsh.co.uk/explore/research-and-views/research/2021/mar/industrial-and-logistics-report-2021
[38] https://www.lsh.co.uk/-/media/images/lsh/research/ilm2021/industrial%20and%20logistics%20market%202021
[39] Presentation to the Commission.