

Tara Butler
FutureMerton Team
London Borough of Merton
London Road
Morden
SM4 5DX

3 January 2019

Dear Ms Butler,

LONDON BOROUGH OF MERTON STAGE 2 LOCAL PLAN 2020 - REPRESENTATIONS ON BEHALF OF AVIVA INVESTORS

CBRE Limited is instructed by our client, Aviva Investors, to submit representations in response to the Emerging Merton Local Plan 2020 Consultation published on 31st October 2018.

Introduction

Aviva Investors is a global asset manager whose breadth of expertise span across numerous markets, including real estate. As of June 2018, Aviva Investors manages over £488 billion of assets for its customers, this includes vast real estate portfolios and significant land holdings across London.

Aviva Investors recognises the importance of the London Borough of Merton's Emerging Local Plan 2020 for guiding development across the Borough, and welcomes the opportunity to provide comments on its content. The observations and recommendations made within these representations are of a specific nature, relating to landholdings at Merton Industrial Estate, Morden Road, SW19 3BL (hereafter 'the site').

The site comprises one of Aviva Investors' highest performing assets, and the content of the Local Plan 2020 is of great importance to ensuring that its success continues.

Merton industrial Estate

The site is situated within the Abbey Ward of the London Borough of Merton and is circa 8ha in area.

The site is currently one of the best performing industrial assets across Aviva Investor's portfolio, and accommodates a mix of industrial warehousing, trade warehousing and big box retail totalling 383,000 sq ft. The site is home to global, national and regional businesses including Amazon, White Light Group, Bako, Millers Bespoke Bakery, Osborne & Little, Screwfix, Magnet and Wickes to name a few. Current void sits at 37,000 sq ft across two units, namely Unit 1 (former Homebase) and Unit 8. Unit 8 is under offer to a health food manufacturing company. We are also in advanced negotiations on Unit 1 to a national on-line food service provider for a 'last mile' fulfilment centre.

The site is bounded by Merantun Way (A24) to the north, Morden Road (A24) to the west, and industrial units to the east and south. The A24 forms an important part of the strategic road network in this part of London, providing direct access into Central London and the London Orbital (M25). This accessibility makes the site

particularly popular for commercial occupiers. The lack of residential use in the immediate vicinity of the site also enhances its attractiveness to commercial occupiers who require 24 hour operation.

The site (along with land to the south and east) is designated as a Strategic Industrial Location (SIL) within both adopted and emerging LB Merton and London Plan policy. The location of the site and the wider SIL designation is indicated on the plan below.

Approximate Location of the Site and SIL Designation



Commentary on Emerging Policies

Emerging Local Plan Policy Ec7. 1 (Economic Development):

Policy Ec7.1 states that the local planning authority will encourage and support the provision of sustainable employment within Merton that results in higher levels of productivity, gross value and remuneration. The policy also seeks to protect and manage Strategic Industrial Locations, ensuring that they are prioritised for business, industrial and distribution functions.

Aviva Investors is supportive of this policy and consider this approach to be consistent with its future plans for the site. Aviva Investors is also supportive of the acknowledgement by the Council that successive London Plans from 2004 have consistently identified Merton as having low levels of industrial land relative to demand, and the subsequent restrictive approach to the transfer of designated industrial sites to non-employment uses is therefore supported.

Emerging Local Plan Policy Ec7. 2 (Employment Areas In Merton):

Policy Ec7.2 seeks to retain existing employment land and floorspace whilst encouraging proposals for the redevelopment of vacant and underused existing employment sites for B Use Classes, particularly in areas of good public transport accessibility.

Aviva Investors is encouraged by the acknowledgment of the council that logistics and other employment activities that generate frequent vehicle movements will be located within the main industrial areas adjacent to the strategic road network – which would apply to the site given its location on the A24.

The supporting text to the policy states that industrial areas are protected for business use to maintain an environment where businesses can operate alongside other businesses without the same restrictions that would apply if these businesses were to locate in a residential area. This is supported by Aviva Investors, however further prominence should be given to supporting 24-hour operations by including this reference within the emerging policy, rather than just the supporting text.

Emerging Local Plan Policy N3.5 (South Wimbledon)

Aviva Investors supports the Local Plan's acknowledgement that the South Wimbledon Business Area is one of the most popular and best occupied estates for business in south west London.

Emerging Local Plan Key Diagram:

Aviva Investors has serious concerns regarding the potential Sutton Link Route between Sutton and South Wimbledon, as identified by the Key Diagram. This route is planned to run along Morden Road, and according to TfL may require some of the land within the site to be taken to facilitate its delivery if selected as the preferred option.

Aviva Investors is very concerned that the proposals will threaten the success and sustainable function of the site, and the wider SIL. Further detail is provided in Aviva Investors' representations to the TfL consultation which are appended for reference.

Summary

- Aviva Investors strongly supports the site's designation as SIL and the direction of travel which supports intensification and protection of these sites for business uses.
- Aviva Investors welcomes the acknowledgment of the South Wimbledon Business Area as one of the largest, most occupied Strategic Industrial Locations in South West London.
- Aviva Investors has serious concerns regarding the Sutton Link Route between Sutton and South Wimbledon as identified by the Key Diagram.

We trust that these representations are clear and will be fully considered by the Merton Local Plan Team and we would welcome confirmation that they have been received. Aviva Investors would also welcome further engagement with the Merton Council Officers as the draft Plan progresses to help shape future policy.

Yours faithfully,



**LAURA ELIAS
ASSOCIATE DIRECTOR
CBRE LTD – LONDON PLANNING**

APPENDIX 1 - REPRESENTATIONS TO TFL SUTTON LINK CONSULTATION

CBRE

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3 January 2019

Dear Sir/Madam,

TFL SUTTON LINK CONSULTATION - REPRESENTATIONS ON BEHALF OF AVIVA INVESTORS

CBRE Limited is instructed by our client, Aviva Investors, to submit representations in response to Tfl's consultation on the emerging proposals for the Sutton Link, which closes on 6 January 2019.

Aviva Investors

Aviva Investors is a global asset manager whose breadth of expertise span across numerous markets, including real estate. As of June 2018, Aviva Investors manages over £488 billion of assets for its customers, this includes vast real estate portfolios and significant land holdings across London.

Aviva Investors' London portfolio includes significant and highly successful land holdings at Merton Industrial Estate, Morden Road, SW19 3BL (hereafter 'the site'), which is described in more detail below.

Merton Industrial Estate – The Site

The site is situated within the Abbey Ward of the London Borough of Merton and is circa 8ha in area.

The site is currently one of the best performing industrial assets across Aviva Investor's portfolio, and accommodates a mix of industrial warehousing, trade warehousing and big box retail totalling 383,000 sq ft. The site is home to global, national and regional businesses including Amazon, White Light Group, Bako, Millers Bespoke Bakery, Osborne & Little, Screwfix, Magnet and Wickes to name a few. Current void sits at 37,000 sq ft across two units, namely Unit 1 (former Homebase) and Unit 8. Unit 8 is under offer to a health food manufacturing company. We are also in advanced negotiations on Unit 1 to a national on-line food service provider for a 'last mile' fulfilment centre.

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The site (along with land to the south and east) is designated as a Strategic Industrial Location (SIL) within both adopted and emerging LB Merton and London Plan policy. The location of the site and the wider SIL designation is indicated on the plan below.



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Approximate Location of the Site and SIL Designation



Aviva Investors' site

Wider SIL

Strategic Planning Context

Industrial land and premises are critical to sustaining and growing London's economy and population. This role is acknowledged by the New London Plan which states:

"London depends on a wide range of industrial, logistics and related uses that are essential to the functioning of its economy and for servicing the needs of its growing population, as well as contributing towards employment opportunities for Londoners. This includes a diverse range of activities such as food and drink preparation, creative industry production and maker spaces, vehicle maintenance and repair, building trades, construction, waste management including recycling, transport functions, utilities infrastructure, emerging activities (such as data centres, renewable energy generation and clean technology) and an efficient storage and distribution system which can respond to business and consumer demands" (p79).

As well as acknowledging the importance of industrial land, the New London Plan notes that over the period 2001 to 2015, more than 1,300 hectares of industrial land was transferred released to other uses, which is three times greater than the GLA's target benchmarks. Alongside this recent trend of industrial land being released for alternative uses is a significant demand for industrial space, largely driven by economic/population growth and the rise of e-commerce and associated need for urban logistics facilities.

The London Plan evidence base (specifically the London Industrial Land Demand Study, CAG Consultants et al, 2017) indicates that there will be positive net demand for industrial land in London in future years, mostly driven by strong demand for logistics to service growth in London's economy and population. In the context of declining industrial land supply and limited opportunities for additional industrial land to be designated, this growth places a huge onus on ensuring that existing industrial capacity is robustly protected and intensified.

In response to this evidence, the policies of the New London Plan require no net loss of designated industrial floorspace capacity across London. These policies also identify how individual boroughs should manage their industrial capacity over the plan period depending on their individual supply and demand forecasts. LB Merton is identified as a borough which needs to 'retain' capacity, meaning that it should seek to intensify industrial floorspace capacity following the general principle of no net loss on designated industrial sites.

Within the New London Plan (and the adopted version), the Site and adjoining land is identified as a Strategic Industrial Location (SIL) and represents one of only two SILs which is wholly located within LB Merton. SILs are defined as “London’s main reservoirs of industrial, logistics and related capacity for uses that support the functioning of London’s economy” and for that reason, command the greatest level of policy protection. As well as providing robust protection for land designated as SIL, the policies of the New London Plan also seek to intensify the function of SILs and enhance their attractiveness and competitiveness.

Local Planning Context

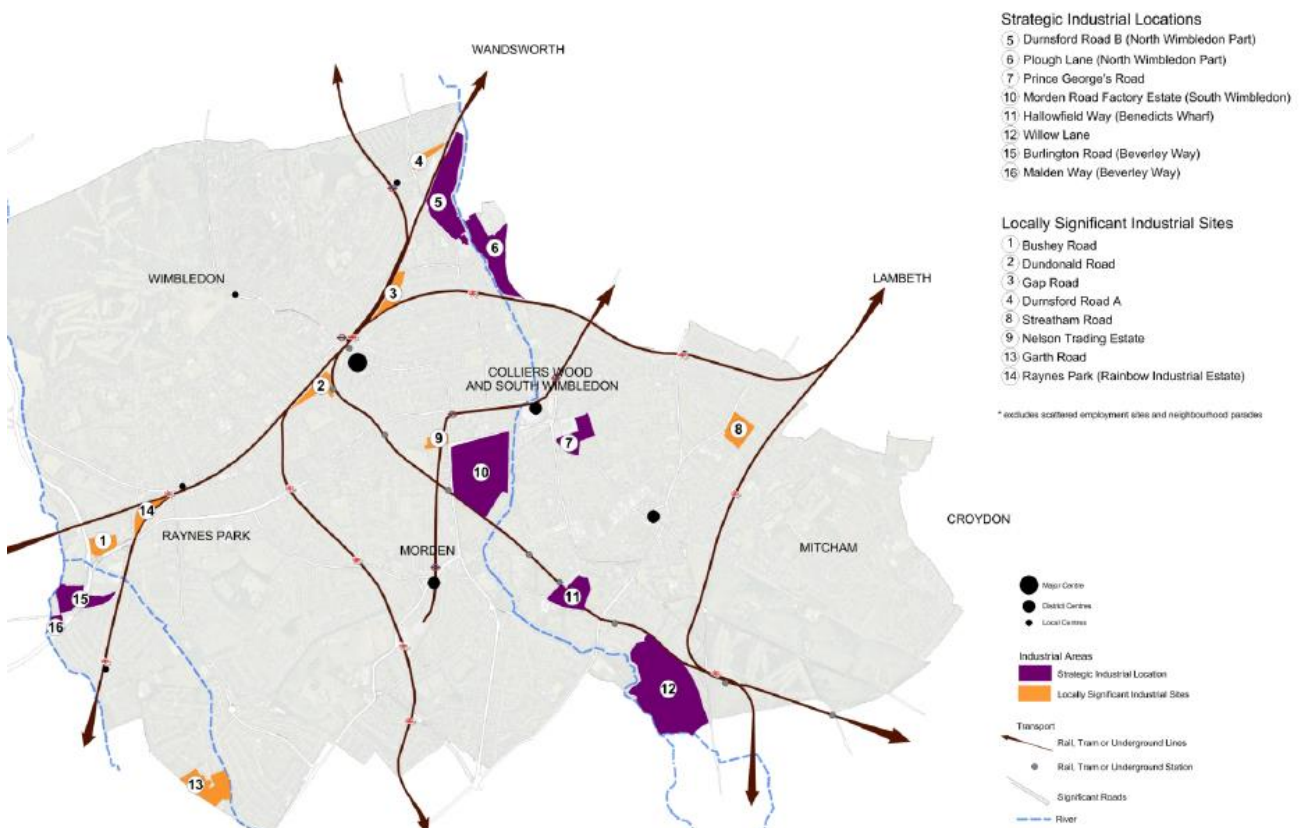
At the borough level, one of LB Merton’s principal strategic planning objectives is to make Merton more prosperous with strong, and diverse long term economic growth (LB Merton Core Planning Strategy, 2011).

More specifically, LB Merton seeks the development of a diverse local economic base by encouraging the increased provision of the overall number and range of jobs in Merton, particularly in the commercial and business sector. Protecting, managing and improving SILs is identified as a key means to achieving this objective, as these sites comprise some of the borough’s main employment areas.

According to LB Merton’s emerging New Local Plan 2020 (2018), there is currently 119ha of SIL land within LB Merton. The South Wimbledon Business Area (also known as Morden Industrial Area) comprises 35ha, and therefore represents a significant contribution to LB Merton’s SIL capacity (almost 30%).

Extract from LB Merton Core Planning Strategy (2011)

Picture 20.1 Economic Development in Merton



The South Wimbledon Business Area (also known as Morden Industrial Area) is located in the centre of the borough (see diagram above). It is identified in LB Merton's Core Planning Strategy (2011) as "one of Merton's most popular and best occupied estates for businesses".

It is also noted as "one of the largest, most occupied strategic industrial locations in south west London with highest rental yields. Wide range of different types of industrial type businesses" in the emerging New Local Plan 2020 (2018).

Aviva Investors is engaging with the preparation of the New Local Plan 2020, and is supportive of the continued identification of the South Wimbledon Business Area as a critical and highly successful element of LB Merton's industrial stock. Its representations to the current consultation are appended for reference.

Planning Context Summary

It is clear that the planning policy framework places a great onus on the strategic role of the South Wimbledon Business Area SIL in serving the industrial needs of London's people and businesses, and supporting the capital's economic growth. It is also clear that the business area provides a critical local role in creating jobs for LB Merton residential and in supporting the local economy.

Sutton Link

We understand that TfL is currently exploring options for a new public transport link between Merton and Sutton. Three route options are currently being tested which comprise;

- Route Option 1 – South Wimbledon to Sutton town centre (bus rapid transit or tram);
- Route Option 2 – Colliers Wood to Sutton town centre (bus rapid transit or tram); and
- Route Option 3 – Wimbledon to Sutton town centre (tram).

Whilst we have not been provided with any detailed information relating to each of the options, TfL's diagrams indicate that Route Option 1 will run along the Morden Road, including the section alongside the South Wimbledon Business Area. We also understand that the route would involve some land take along the eastern frontage of the business area, which includes buildings and/or yard space.

As a major landowner of the South Wimbledon Business Area, Aviva Investors has serious concerns about TfL pursuing Route Option 1 given the negative impact this is likely to have on one of the largest, most occupied SILs in south west London. Aviva Investor's principal concerns are summarised below.

Access

Access to the business area from Morden Road is likely to be comprised through the introduction of a new tram/bus rapid transit route.

This is likely to reduce the strategic commercial function of the SIL, and therefore its ability to effectively provide essential industrial services that support businesses and residents in LB Merton, and the wider south-west London sub-region.

Furthermore, any reduced function and efficiency of the SIL will make it less attractive to occupiers, which threatens its competitiveness and future sustainability, and consequently the jobs and economic outputs that the business area supports.

Land take

Any potential land take at the western boundary of the SIL will be at odds with local and regional planning policy which looks to protect and enhance SIL land, and to achieve 'no net loss' of industrial capacity.

The businesses and jobs which are directly affected by the proposed land take will also be threatened by any land take, which would most likely mean needing to relocate their business elsewhere. Given the identified shortage of industrial land at both strategic and local levels, the ability to find alternative sites will be highly challenging.

Uncertainty

The current consultation and any ongoing feasibility work relating to Route Option 1 will cause serious blight to landowners and occupiers within the SIL, and particularly those affected by the proposed land take (which includes Aviva Investors).

There are a number of negative ways in which Aviva Investors and others will be affected, but the main impacts include:

- Potential for the proposals to deter prospective occupiers;
- Frustrating the preparation and implementation of landlord asset management strategies;
- Restricts additional investment in building improvements;
- Restricts and delays landowners plans for future redevelopment and/or intensification.

The latter of these issues is particularly damaging for Aviva Investors, who have been in recent pre-application discussions with both LB Merton and GLA regarding potential plans for the intensification of the site for industrial use.

Summary

Overall, Sutton Link Route Option 1 threatens the success and sustainable function of the SIL, and consequently its role in providing local jobs; serving the local economy; and providing high quality strategic industrial capacity which is in short supply in London, and particularly in LB Merton. The proposals for land take within the SIL are of particular concern and would be at odds with strategic and local planning policy which requires SIL land to be protected and enhanced/intensified.

Aviva Investors therefore objects to Route Option 1.

Yours faithfully,



LAURA ELIAS
ASSOCIATE DIRECTOR
CBRE LTD – LONDON PLANNING