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Planning Design Economics

Employment &
Economic Land Study

London Borough of
Merton

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Final Report

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consideration by the
London Borough of
Merton. This document
does not constitute
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Executive Summary

This study provides an update of the 2005 Merton Employment Land Study to comply with new requirements arising from new Government guidance in PPS4: *Planning for Sustainable Economic Development*. It will form part of the evidence base for the Core Strategy and inform the Borough's future approach to the provision, protection, release of and enhancement of employment land and premises.

Specific requirements of the study brief were:

- a to undertake an audit of the stock of employment land in Merton, focusing on the designated employment areas and incorporating L B Merton's Economic Assessment of Scattered Sites, 2009.
- b to assess the overall availability of land and floorspace for occupation/development by businesses.
- c to assess the scale and nature of likely demand for land and floorspace for employment land.
- d to undertake a detailed review of the nature and characteristics of individual vacant sites and premises.
- e on the basis of the above research, to identify a portfolio of sites to ensure Merton can balance the need for employment land and premises and the availability of land for that purpose during the lifetime of the LDF.
- f to identify current provision, future job growth and space requirements of non B Class sectors outside town centres.

The study's approach follows 2004 Government guidance on undertaking employment land reviews and also takes into account more recent post PPS4 guidance for the South East region on such studies. It focuses on employment space needs for the group of B Use Classes but also examines in broad terms the employment growth potential and land needs of other economic uses such as retail, leisure, healthcare, waste management and education.

Economic Context

Taken as a whole, Merton has a reasonably buoyant local economy with below average unemployment, above average skill levels and good rates of new firm formation. However, job growth overall has been well below the London average, while workplace earnings are also relatively low. Much of the Borough benefits from an attractive environment and good quality of life factors while Wimbledon provides a widely recognised image that has attracted a range of businesses.

Its main drawbacks and potential constraints to future economic growth include factors common to some other South London boroughs. These are the lower quality of many of its employment sites, road congestion and distance from motorways, low workplace wages, and fairly high reliance on public sector jobs.

It also has below average representation in what have been growth sectors in the past, with relatively high reliance on public-sector and manufacturing jobs, which have declined more than average.

Overview of Employment Space

Merton has a relatively small supply of employment space compared with neighbouring Lambeth and Croydon but significantly more than nearby outer London Boroughs such as Sutton and Kingston. It also has the second lowest amount of office space among adjoining south London boroughs. In common with other boroughs in south London, Merton has experienced a small loss of employment floorspace over the last decade, mainly of manufacturing space with only a small increase in office and warehousing space.

The great majority (74%) of B Class employment space in Merton is industrial, with a more modest amount of office space (26%), a significant amount of which is concentrated in Wimbledon town centre. In contrast, factory and warehousing space are concentrated in Mitcham, Morden and in the north of the Borough. There are also some 450 small employment sites scattered across the borough and often within mainly residential areas. There is also a significant amount on Non B Class space that generates employment, although this is harder to quantify.

An average of 12,500 m² of gross new B class space has been developed annually in Merton in recent years, just over half of this office-type space. However, significant losses, particularly of industrial space, have reduced the net completion rate to a negative 4,700 m² p.a. There is over 83,000 m² of potential new employment space in the development pipeline, equivalent to over six years supply at recent completion rates. However, because of losses which will occur on redevelopment, if these schemes are built it would result in a net loss of employment space overall.

Despite some new space built in recent years, Merton has a lower proportion of modern office and industrial premises than the London average, although there is a relatively high amount of more modern warehousing space.

In most adjoining boroughs, there are not large amounts of development employment land or vacant space that would give them major advantages over Merton to attract new investment. Although some of these developments will serve different markets from Merton, major office developments planned in Croydon and Wandsworth may compete to some extent for office occupiers in Wimbledon, although they are more likely to limit Wimbledon's potential to attract larger occupiers rather than undermine its existing business base. Sutton, and Croydon to some extent, contains more industrial land and Sutton has more modern industrial premises for small firms, which could reduce Merton's ability to retain industrial occupiers.

Commercial Property Market

Office demand levels have been steady in recent years with the great majority of demand being focussed on Wimbledon town centre, which has attracted a range of higher value back office and headquarters functions. However, there is a lack of larger floor-plate offices which forces some larger firms to take space in several buildings. However, office demand and developer interest in the other town centres is low, mainly due to lack of established office markets there along with poorer image, range of services and environments.

There is moderate demand for other small-scale office premises in the rest of the Borough, particularly from the creative sector, and mostly within the 'Greater Wimbledon' area. However, small scattered sites under 1 ha can be difficult to develop viably and are less likely to attract speculative schemes.

Demand for industrial premises has been fairly low in recent years, primarily as a result of a lack of modern premises, with much of the stock on the main industrial estates approaching the end of its useful life. This is particularly the case for many of the Borough's small scattered sites. However, there is reasonable demand for small, modern units with good parking and high eaves heights but larger industrial units are often difficult to let. However, industrial vacancy is fairly low and many agents/firms report a lack of availability of suitable premises within the Borough. Most demand is for smaller industrial units and is almost exclusively from local firms.

There has been very limited interest historically for large-scale distribution activities within Merton and other locations with better strategic access and availability of larger sites are likely to continue to be more obvious locations for distribution activities.

Merton currently has a fairly wide range of workspace for small firms including managed workspace for both office and industrial occupiers. However, there is relatively little provision of incubation space, especially for very early stage start-ups.

The future growth prospects for Wimbledon town centre were seen as being broadly positive, with the potential for significant expansion of the office stock if suitable development sites could be found. However, there were more mixed views on the industrial future of the Borough, with Merton seen as unlikely to be able to retain its industrial base unless it can deliver a significant improvement in the quality of its stock.

Current Employment Sites

The study assessed 16 Strategically or Locally Significant Employment sites, primarily medium and large sized industrial estates, which account for just over 167 ha of land. Six of these larger sites are of good quality, the remaining 10 of average quality, with none unsuitable for continuing employment use.

Some 133 smaller scattered employment sites were also assessed, about 30% of the total number, and these account for 9.6 ha of employment land. About one fifth of these (30 sites) were categorised as good quality and suitable for their current uses as well as other employment generating uses without any intervention. Most (60%) were of average quality, largely occupied and adequate for continued economic use.

Only 18% of the scattered sites (24 sites) were considered to be of lower quality, often suffering from poor access, constraints from immediately adjoining uses, very small site areas that are difficult to develop or generally poor local environment. However, most of these are occupied and appear to serve a local need for lower cost employment uses and do not justify release to non economic uses or offer many opportunities for providing residential development.

However, it is difficult to see that many of these scattered sites will be redeveloped or upgraded to provide more modern employment premises, partly because sites under 1 ha are often more difficult to support viable development schemes and partly because of pressures for higher value uses that could deter new investment. Over time, many are likely to become less viable as employment premises unless some form of intervention is undertaken or strong encouragement given to providing more modern space.

Future Requirements for B Class Space

Using different approaches, such as forecasts of job growth and past completion rates, four different estimates of future employment space requirements have been prepared. A further benchmark estimate was based on growth in labour supply. Three of these estimates indicate significantly higher levels of employment development than Merton has achieved in the recent past.

These estimates more space indicated a requirement for between 12,200 and 75,800 m² of office space up to 2021. Under most of the estimates, significantly less industrial space would be required, as future losses of B2 space outweigh likely demand for more B8 space. Overall, this implies a requirement for somewhere between 2.2 ha more and 8.1 ha less employment land.

With the current uncertain economic outlook, it may be that a combination of these different estimates would best reflect future needs. Planning for in the order of 50-60,000 m² more office space appears broadly consistent with market views on what the area can achieve and this sort of level would help the Borough realise its economic potential. Future losses of industrial space are considered likely to be less than implied by the more pessimistic job forecasts or a continuation of past trends, and a loss in the order of 15,000 – 20,000 m² would be a reasonable basis for planning. This should not prevent the need for some modern industrial space to be delivered.

Development Needs of Non B Class Uses

Non B uses currently account for just over half of all employment in Merton and slightly more jobs than the B class sectors. Given the likely continued decline of the manufacturing sector in future, and limited sites to accommodate growth in office based jobs, the non B Class uses might have been expected to make a greater contribution to future job growth in Merton. However, they are forecast to produce only modest job growth and fewer additional jobs by 2021 than B class office employment, and the Non B sectors' share of all jobs in Merton is anticipated to remain at around its current 55%.

In terms of future land needs for these sectors, there may be a sizeable requirement of almost 20 ha for waste processing, but this is not certain at this stage and the need could ultimately be met in another borough. Land requirements for other sectors are likely to be modest, partly because many will utilise land already held by the relevant provider or because the use can be incorporated within mixed use developments, often in town centres. There could be a modest requirement (2-3 ha in total) for education, retail warehousing and hotel uses. Some of these requirements, notwithstanding national, regional and local policy guidance, could potentially seek to utilise existing industrial land.

Demand/Supply Balance

Estimates of future requirements for both B and Non B uses were compared with identified and committed employment space to identify any additional land needs. This indicates sufficient industrial land exists to meet future needs, and a significant surplus of industrial land could arise from continued decline in manufacturing uses.

Under all demand estimates except one based on recent rates of completions continuing, a significant shortfall of office space is likely, the amount of shortfall ranging from 13,000 - 57,000 m². To match the office space requirement identified by the study as a reasonable basis for future planning, up to 41,000 m² more space would be needed.

The potential surplus of industrial space and land (up to 8.5 ha) may be negated by requirements from non-B class employment uses such as education and waste management, which could potentially locate on industrial land. Indeed, depending on waste management needs, such requirements could exceed the amount of surplus industrial land emerging over the next 11 years, and limit the scope for release to residential uses.

In terms of qualitative needs, the main areas identified were for some larger floor-plate office premises in Wimbledon town centre, small modern industrial units and potentially more incubation premises for start-up firms.

Potential New Sites

Future demand is primarily for more office space but there are very few potential sites or development opportunities for providing this in sequentially preferable locations within Merton town centres. This partly reflects Merton's largely built-up character and strong pressures on land and allocations for other town centre uses but also low demand in some centres.

Some of the estimated future shortfall of office space could potentially be met through allocated town centre sites, 'areas of opportunity' identified by the Merton Business Premises study, and intensification of existing office sites in Wimbledon town centre. However, some of these are located on industrial land and unlikely to be attractive to office occupiers while the town centre sites will also be sought for other uses and their availability for development is uncertain.

Very few current town centre sites were identified as having office development potential and these could potentially accommodate up to 9,500 m² of floorspace. However, these sites are not certain to come forward or deliver that amount of office space within the plan period. In the longer term, some existing industrial sites could have scope to provide 15-20,000 m² more office space.

Unless substantial amounts of additional space can be achieved through gradual redevelopment of existing office sites, which appears unlikely, other sources of supply will need to be considered. This could be through large, mixed use schemes or regeneration proposals for town centres, particularly if the general attractiveness of some Merton town centres can be improved and perceptions of them enhanced. Some new office space could potentially be provided on larger scattered sites, although this would be relatively small scale and typically in out-of-centre locations where public transport would need to be improved.

More Effective use of Current Supply

With a shortage of development sites and an older industrial stock, other measures need to be explored to bring about a quantitative increase in the office stock and a qualitative improvement in the industrial and office stock.

There are significant barriers to the redevelopment/improvement of industrial premises, primarily as a result of low commercial values and competing higher value uses. A number of planning and economic development interventions could significantly improve the level of development and premises renewal activity. These include: continued policy protection for B-class land; policy encouragement for upgrading; use of Local Development Orders to relax planning requirements within specified industrial areas; further use of BID schemes; a more flexible approach to B1-B8 permissions; and grant aid to enable small/medium firms to upgrade premises if the market does not deliver these improvements.

While there appears quite limited scope to gain more office space by redeveloping existing premises in Wimbledon town centre, this could at least provide higher quality and more modern space and effectively increase office supply, by increasing market attractiveness and reducing vacancy. Such qualitative improvements could also be delivered through refurbishment or re-cladding of existing buildings to some extent. It would be beneficial for L B Merton to engage with the relevant landowners/developers of potential office development sites in and around Wimbledon town centre and at Raynes Park to understand the prospects, timescales and amounts of office space that might emerge from these sites and what would help deliver it. For centres other than Wimbledon, improving their attractiveness for office development will probably require a combination of regeneration, mixed use schemes, improved services and facilities and public realm improvements;

A number of mechanisms can be used to facilitate the delivery of new or upgraded workspace, some of which have been used by Merton in the past. Subject to the regulations regarding S106 Obligations and Community Infrastructure Levy (CIL), pooling of funds from S106/CIL sources could be used to support upgrading of older premises and provision of new employment premises, including incubation space.

New office space could also be encouraged/required as part of larger mixed use schemes but any new provision of this type should ensure that the layout, location and type of space is attractive to the market rather than purely focusing on the quantum of space delivered. Area Action Plans, along with other approaches, may be appropriate to bring forward new employment space on larger sites.

Release of Sites

Release of lower performing undeveloped employment allocations to alternative uses should be considered if they have failed to attract development interest after some years or offer limited prospect of delivering any employment floorspace within the plan period. However, a very cautious approach should be taken to release of employment sites in Merton to non B Class uses due to the difficulty of finding new sites. In addition, many of the lower quality employment sites are occupied and serve a local need at some level.

Only four out of the sample of 133 scattered sites were identified as candidates for release to other uses such as housing, on the basis that they are unoccupied and have strong constraints on new employment development or re-occupation by employment generating uses. These amounted to only 0.3 ha of land in total. There was also only 0.2 ha of undeveloped land among these sites. This suggests the likely housing contribution from unsuitable scattered sites will be small.

1.0 Introduction

- 1.1 This study has been commissioned by the London Borough of Merton (L B Merton) to provide an update of its 2005 Employment Land Study that complies with new requirements arising from new Government guidance in PPS4: Planning for Sustainable Economic Development. This will form part of the evidence base for the Core Strategy and inform the Borough's future approach to the provision, protection, release of and enhancement of employment land and premises.
- 1.2 The specific requirements of the study brief were:
- a to undertake an audit of the stock of employment land in Merton, focusing on the designated employment areas and incorporating the 2009 Council survey of scattered employment sites.¹
 - b to assess the overall availability of land and floorspace for occupation/development by businesses.
 - c to assess the scale and nature of likely demand for land and floorspace for employment uses.
 - d to undertake a detailed review of the nature and characteristics of individual vacant sites and premises.
 - e on the basis of the above research, to identify a portfolio of sites to ensure Merton can balance the need for employment land and premises and the availability of land for that purpose during the lifetime of the LDF.
 - f to identify current provision, future job growth and space requirements of various non B Class sectors outside town centres.

Approach and Methodology

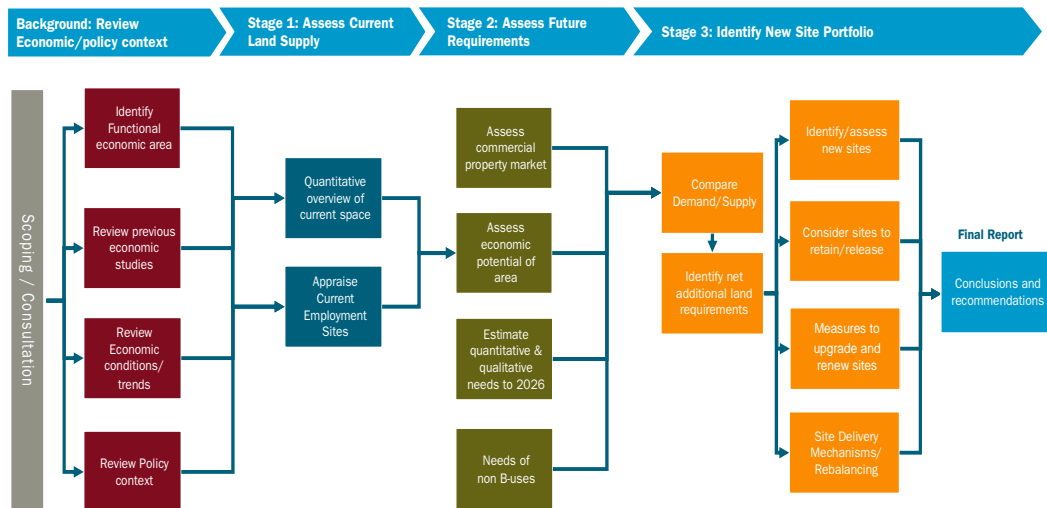
- 1.3 The study's approach generally follows Government guidance on undertaking employment land reviews and also takes into account recent, post PPS4 guidance for the South East region on such studies. It focuses on employment space needs for the group of B Use Classes (offices, manufacturing and warehousing/distribution) but also examines, in broad terms, the employment growth potential and land needs of other economic uses defined by PPS4, such as retail, leisure, healthcare, waste management and education.
- 1.4 The requirements for both employment land and floorspace are considered in the study, and references to "employment space" are intended to mean both

¹ 2009 Study by Regeneris/Atkins commissioned to contribute towards the evidence base for Merton's adopted Economic Development Strategy

these elements. The term industrial space includes both manufacturing and distribution uses.

1.5 The overall process by which employment needs have been assessed is illustrated by Figure 1.1.

Figure 1.1 Study Methodology



1.6 A key input to this study was consultation with various organisations with an interest in the supply of employment land including employers, economic development organisations, business groups, property agents and developers. The study also drew on the extensive survey of local businesses undertaken for L B Merton’s Local Economic Assessment in 2009. Various education, health and waste management authorities were also consulted. Appendix 1 contains a list of consultees.

1.7 The study also draws on previous employment land and economy studies undertaken for Merton and adjoining boroughs as well as other relevant documents including economic strategy documents, planning policy guidance, property market information and published economic statistics. This includes the L B Merton 2009 Local Economic Assessment,² its 2010 Economic Strategy, the 2009 Assessment of Scattered Sites and the 2009 Merton Business Premises Study. These reference documents are listed in Appendix 2.

² Economic Assessment in 2009 by Regeneris/Atkins commissioned to contribute towards the evidence base for Merton’s adopted Economic Development Strategy

1.8

The report is structured as follows:

Economic Context (Section 2)	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)	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 boroughs.
Assessment of Commercial Property Market (Section 4)	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.
Appraisal of Current Employment Sites (Section 5)	Assessment of the quality of current employment land supply against defined criteria including its attractiveness to the market and its ability to meet future needs.
Future B Class Employment Space Requirements (Section 6)	Estimates of future employment space requirements for B Class sectors in quantitative terms, drawing on employment forecasts and other factors.
The Non B Uses (Section 7)	Estimates of future job growth and space requirements of various Non B Class sectors.
The Demand / Supply Balance (Section 8)	Assesses the gap between current land supply and future needs, in both quantitative and qualitative terms, by comparing forecast requirements with availability of existing sites.
Recommended Site Portfolio (Section 9)	Identifies and assesses potential new employment sites and sources of supply to meet estimated future additional requirements.
Supporting Economic Growth (Section 10)	Considers policy and other measures needed to support the existing site portfolio and maximise economic growth in Merton, including scope for redevelopment/intensification of existing sites and releasing poorer sites.
Overall Conclusions (Section 11)	Presents conclusions and recommendations from the study.

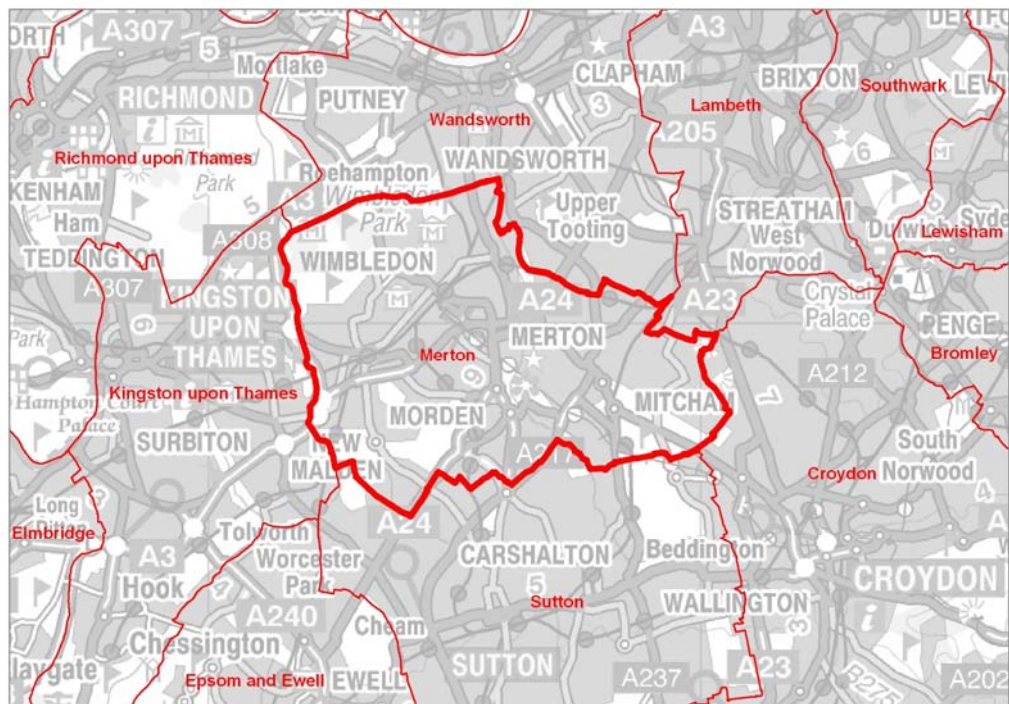
2.0 Economic Overview

2.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within the Borough relative to the group of South London Partnership boroughs³, to London as a whole and to the national economy. This is important in identifying the existing strengths and weaknesses of the Merton economy, and the factors likely to influence the nature and level of future demand for employment space within it. The section draws on a range of publicly available data, as well as Merton's Economic Development Strategy and Local Economic Assessment.

Existing Characteristics

2.2 The Borough of Merton lies in south London within the Wandle Valley. It is bounded by the outer London Boroughs of Kingston-on-Thames to the south west, Sutton to the south, and Croydon to the south east with the Borough of Richmond-on-Thames also lying nearby to the north west. The inner London Boroughs of Wandsworth and Lambeth lie to the north and north east respectively (Figure 2.1).

Figure 2.1 Sub-regional context of Merton



2.3 Lying in outer London, Merton contains significant areas of open space designated as Metropolitan Open Land and is relatively small in terms of area.

³ The South London Partnership includes these six boroughs - Wandsworth, Croydon, Kingston-upon-Thames, Richmond upon Thames, Merton and Sutton.

Its main commercial centres are Wimbledon, a significant office centre with an internationally recognised annual Lawn Tennis tournament, Mitcham, Collier's Wood, and Morden. Other smaller commercial centres are North Mitcham, Raynes Park, Wimbledon Village, Arthur Road and Motspur Park. The western half of the Borough, including Wimbledon, is regarded as generally more prosperous than the east, including areas such as Mitcham.

- 2.4 The Borough contains sizeable industrial areas including the Morden Industrial Estate, Prince George's Road, Beverley Way Industrial Area, North Wimbledon and the Willow Lane estate on the southern boundary. Several of these industrial sites are of strategic importance within London, while Wimbledon provides the Borough's main concentration of office space. However, there are also some 450 small individual employment sites scattered over the Borough.
- 2.5 As Table 2.1 below indicates, Merton has a slightly higher proportion of small businesses and a lower share of larger firms than London and national averages. This may reflect the less central location of the Borough within London and its few large centres as well as limited supply of large office premises. There are a few larger, private sector, head offices in Wimbledon, such as Lidl, Coty and URS, but many small to medium sized industrial and professional firms.

Table 2.1 Breakdown of Firms by Size

No. of Employees	Merton (%)	London (%)	Great Britain (%)
1-10	88.0%	87.5	85.0%
11-49	9.3%	9.3%	10.5%
50-199	2.4%	2.5%	2.8%
Over 200	0.4%	0.7%	0.7%

Source: ABI, 2008

- 2.6 Road accessibility is reasonable within the context of a major metropolitan area, with the A24 and A219 providing routes to Central London and to the south although some of these can be congested and the Borough is over 15 km from the nearest motorway. Indeed, Merton contains some areas of significant congestion within the London context, particularly around Wimbledon town centre and in the east of the Borough.⁴ The nearest airport with scheduled flights is London Heathrow, some 15 km to the west, with London City Airport 15 km to the north east and London Gatwick some 30 km to the south.
- 2.7 Levels of public transport accessibility are generally high with good links to Central London. A Tramlink Line runs across the borough from Wimbledon to Croydon, and the District and Northern underground lines run into the Borough, terminating at Wimbledon and Morden stations respectively. The west of the Borough generally has good public transport, particularly in the Wimbledon area, with a comprehensive network of bus and rail services including fast and

⁴ Figure 25, Mayor of London Transport Strategy, 2010

frequent trains to central London and the Tramlink to Croydon. Most of the east of the Borough is less well served by public transport.

- 2.8 The Borough does not contain any university, although Kingston University lies nearby in the adjoining Borough of Kingston-on-Thames. Wimbledon College of Art, part of the University of the Arts, lies within the Borough at Wimbledon and St. George's University of London, which focuses on the medical and bioscience fields, is at Tooting in Wandsworth. The South Thames College further education facility at Morden focuses on vocational courses and employee training.

Policy Context

- 2.9 As it lies within the relatively prosperous London area, Merton is not subject to any EU designations relating to financial assistance programmes. It is also not covered by Tiers 1 or 2 of the UK's Regional Selective Assistance Programme although businesses can obtain grants under Tier 3.
- 2.10 In the draft London Economic Strategy, broad aims are to improve London's competitiveness, transform it to a low carbon economy, upgrade skills and employment opportunities and spread prosperity across the city, but it does not identify anything specific to Merton.
- 2.11 Merton's Economic Development Strategy (adopted March 2010) identifies priority growth and opportunity sectors - creative industries, green industries and business & professional services sectors - but also identifies manufacturing and construction as existing declining sectors critical to Merton's future. The main areas for intervention to secure growth are Greater Wimbledon (including parts of Colliers Wood, South Wimbledon and Raynes Park), Morden, Mitcham and East Merton.
- 2.12 The GLA Industrial Land Release Benchmarks (March 2007) classify all boroughs in the Wandle Valley including Merton (as well as Wandsworth, Sutton and Croydon) as "restrictive" boroughs which should adopt a particularly restrictive approach to the transfer of industrial sites to other uses.
- 2.13 Merton's Core Strategy aims for no net loss of employment land in the Borough with policies to protect designated business and industrial areas, including the Strategic Industrial Locations, and to maintain and improve Locally Significant Industrial Locations and its scattered employment sites.
- 2.14 Relevant policies on economic development are summarised in Appendix 3.

Economic Conditions and Trends

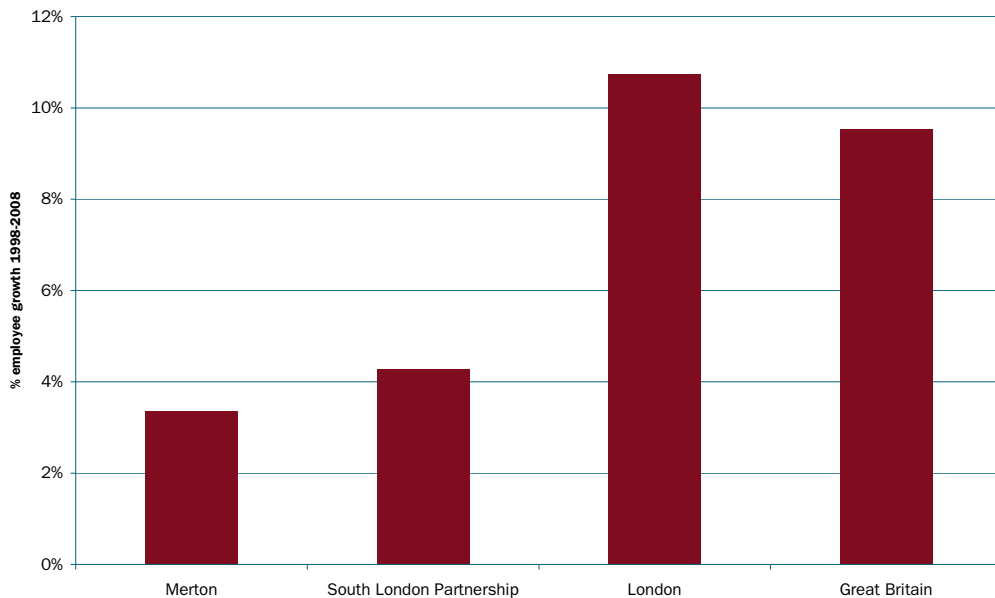
- 2.15 Current economic conditions and trends in Merton are summarised below, with comparisons made, where appropriate, to London, South London Partnership area and national averages. Data is from published Office for National Statistics (ONS) sources via Nomis unless indicated otherwise. As the study was undertaken in the aftermath of a severe national recession, longer term

indicators over a 10 year period are used where possible to provide a more balanced picture of the Merton economy.

2.16 In 2008, Merton had a resident population of some 201,400, of which 136,400 are of working age. Its population has risen by 10% over the last 10 years, significantly higher than the London (8%) and national growth rates (5%). Modest further growth can be anticipated in line with the London Plan housing targets for the Borough. The current target is some 370 dwellings per year up to 2017 but the draft London Plan proposes 320 dwellings p.a. from 2011-21.

2.17 The number of employee jobs in Merton, which stood at 65,900 in 2008, has risen by only 3% over the last 10 years, much less than in London and also less than the South London Partnership Area, as shown in Figure 2.2.

Figure 2.2 Employee Job Growth 1998-2008



Source: Annual Business Inquiry

2.18 The largest employment sectors in Merton include business services, and public administration followed by retail/wholesale and other (mainly public sector) services. Although relatively small in local and national terms, the manufacturing sector still forms a higher proportion of jobs than in South London and London generally. However, the financial services sector is relatively small in job terms in Merton compared with both South London and the national average. Although accounting for relatively few jobs, Merton also has significant waste management provision, particularly in the south of the Borough.

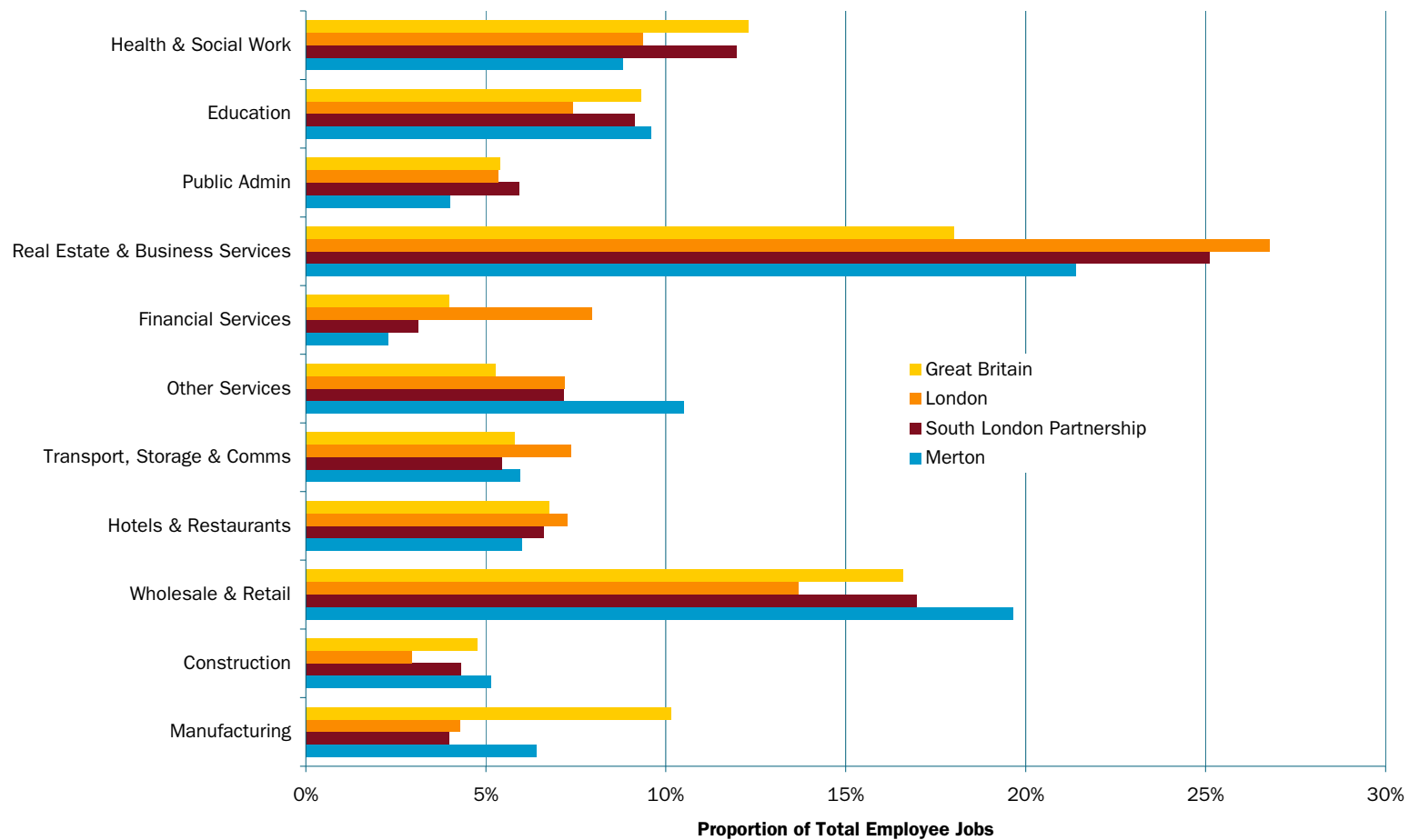
2.19 Figure 2.3 compares the relative importance in job terms of different economic sectors in Merton with South London, London as a whole and Great Britain. Key sectors which are strongly represented in the Borough compared with these benchmarks include Construction, Retail & Wholesale, Education,

Community/Social/Personal Services. However, Health/Social Work, Public Administration, Finance and Hotels & Restaurants are all under-represented.

- 2.20 The largest contributors to job growth in Merton over the last decade were other services, public sector jobs and transport & communications, all of which performed more strongly than in London generally (Figure 2.4). This growth offset large job losses in manufacturing particularly, which declined more than the London and South London averages. Wholesaling/distribution and business services also declined in Merton over the period.
- 2.21 Although the typically higher growth business services sector has been a major contributor to recent job growth in London and nationally, it has also declined in Merton over the last 10 years. Financial services jobs have grown relatively more in Merton than in London but this is a sector which is very small within Merton in any case.
- 2.22 It is also worth noting that almost 25% of Merton's businesses are involved in the creative sector, above the outer London average, and with a particular concentration around Wimbledon. This proportion is below some of the South London Partnership boroughs such as Wandsworth (32%) and Kingston (26%) but above Richmond, Sutton and Croydon.⁵
- 2.23 Between 1997 and 2007 the number of VAT registered firms in Merton grew by around 33%, a better performance than that of both the South London Partnership area (31%) and London (29%) and much better than the Great Britain average (21%), suggesting good levels of entrepreneurial activity. However, with 490 VAT registrations per 10,000 working-age population in 2007, relative to its size, the Borough's recent rate of new business formation is below the London (630) average.
- 2.24 Merton's economic activity rate, at 81.7% is significantly higher than the London (75%) and national (79%) figures. The Borough also has a high rate of self-employment, with 14% of the working-age population falling within this category compared with just 10.7% in London, 11.6% in South London and 9.1% nationally.
- 2.25 The Merton resident workforce has higher than average levels of job skills when compared to London as a whole, with slightly fewer graduates but much fewer with no qualifications. Merton also has relatively much more, higher skilled residents and much fewer low skilled ones than the national average.

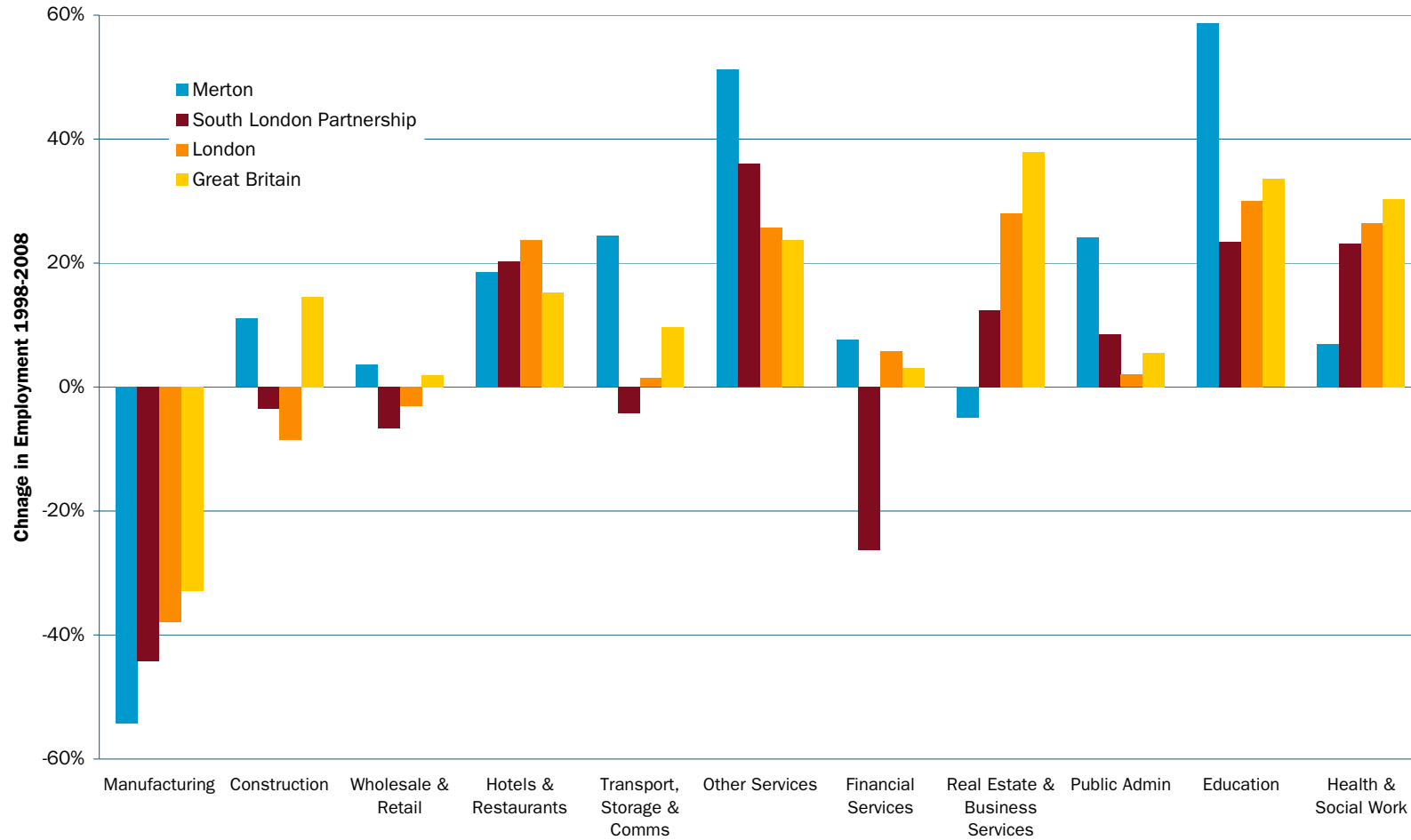
⁵ Merton Local Economic Assessment, Regeneris, September 2009

Figure 2.3 Proportion of Employee Jobs by Main Economic Sector



Source: Annual Business Inquiry, 2008

Figure 2.4 % change in employment 1998-2008 by Main Economic Sectors

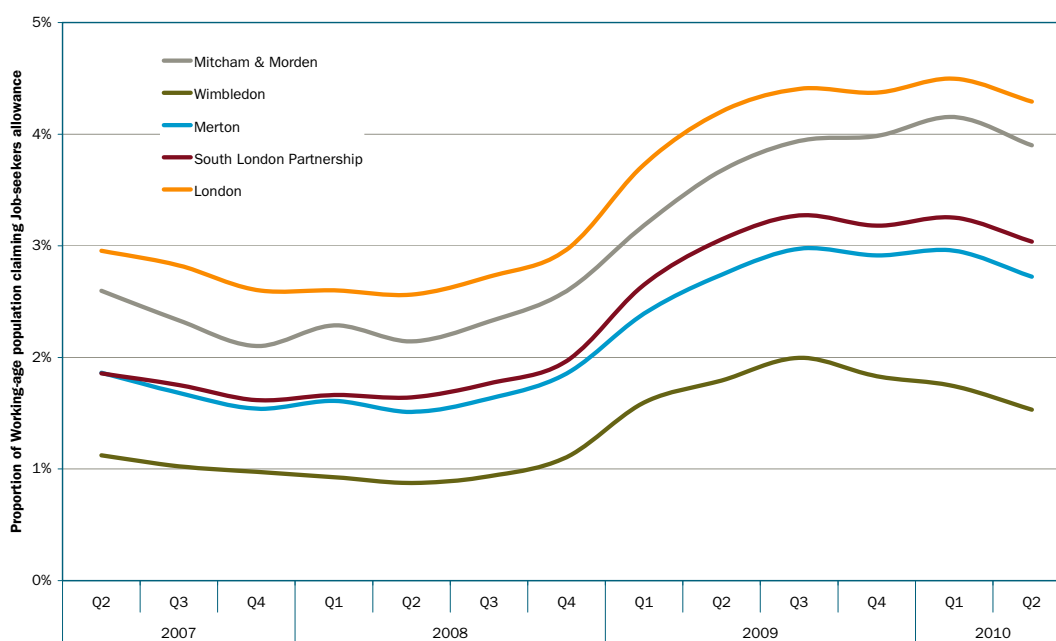


Source: Annual Business Inquiry

2.26

Claimant unemployment in Merton is low compared with South London, London and national rates (Figure 2.5). It is also worth noting that unemployment is much higher in the eastern part of the Borough (Mitcham & Morden) compared with the western part (the Wimbledon area).⁶ The general pattern of below average unemployment in Merton has prevailed over the last 10 years and more. On the wider Annual Population Survey measure⁷, the local unemployment rate is higher at 6.1%, which is also below the London rate (8.2%) and the national average (6.9%).

Figure 2.5 Claimant Unemployment 2007-2010



Source: NOMIS Claimant Count

2.27

In February 2010 there were 7.8 claimant unemployed workers for every notified job centre vacancy in the Borough. This was lower than the ratio for London (8.2) but much higher than that for Great Britain (5.7) and indicates slightly better prospects for the unemployed finding work in Merton than in other parts of London.

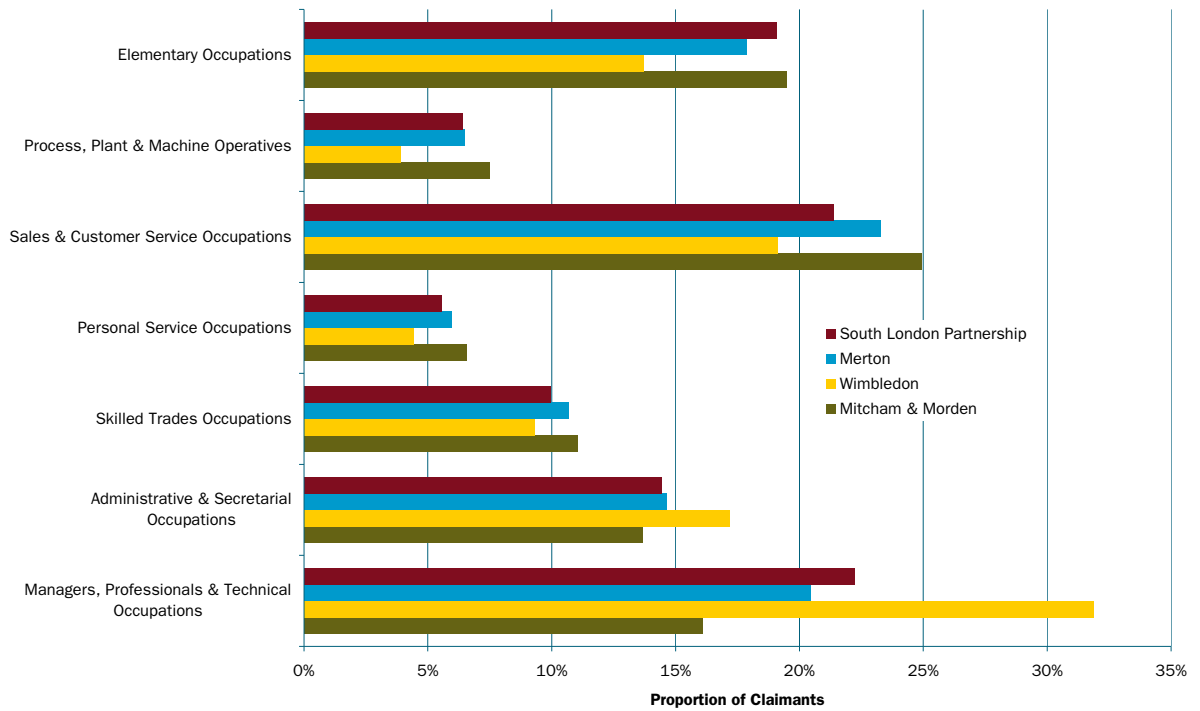
2.28

Turning to the types of jobs required in the Borough (Figure 2.6), the most sought-after occupations amongst claimant unemployed workers are 'Sales & Customer Service occupations', followed by 'elementary occupations', and 'Administrative & secretarial' work. However, in general there was a slightly higher proportion of unemployed residents in Merton seeking higher-skilled managerial and professional jobs and a slightly lower proportion seeking lower-skilled jobs than in London as a whole.

⁶ The west (Wimbledon) and east (Mitcham & Morden) of the Borough are taken to be the respective 2010 parliamentary constituencies

⁷ This includes all those searching for work, regardless of whether they are claiming job-seekers allowance

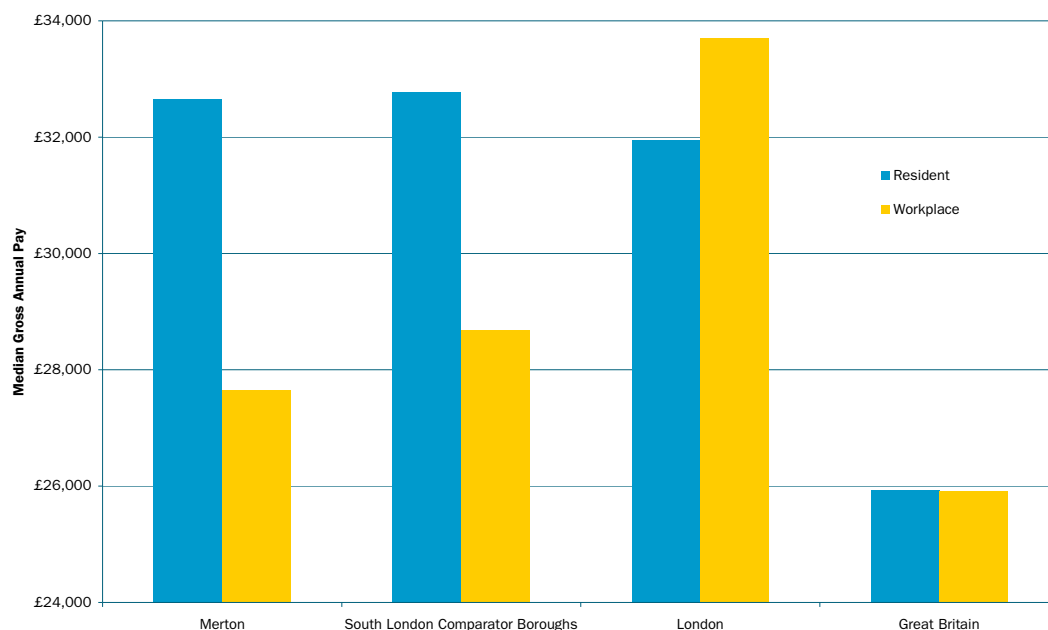
Figure 2.6 Sought Occupation of Unemployed Workers in Merton



Source: Nomis, Feb 2010

- 2.29 As Figure 2.6 illustrates, wages for those working within the Borough (workplace) are significantly lower than those for people who live in the Borough (resident). This pattern is typical of outer London suburban boroughs where many people commute to well-paid jobs outside their local area. However, workplace wages in Merton are low compared with both neighbouring Boroughs and London as a whole.
- 2.30 Merton has generally low levels of deprivation, and is ranked as the 222nd most deprived local authority areas out of 354 in England, which places it among the least 50% deprived areas. However, some areas of the Borough, particularly in the eastern part, have pockets of more concentrated deprivation.

Figure 2.6 Resident and Workplace Wages



Source: Annual Survey of Hours and Earnings, 2009

Knowledge-based industries

2.31

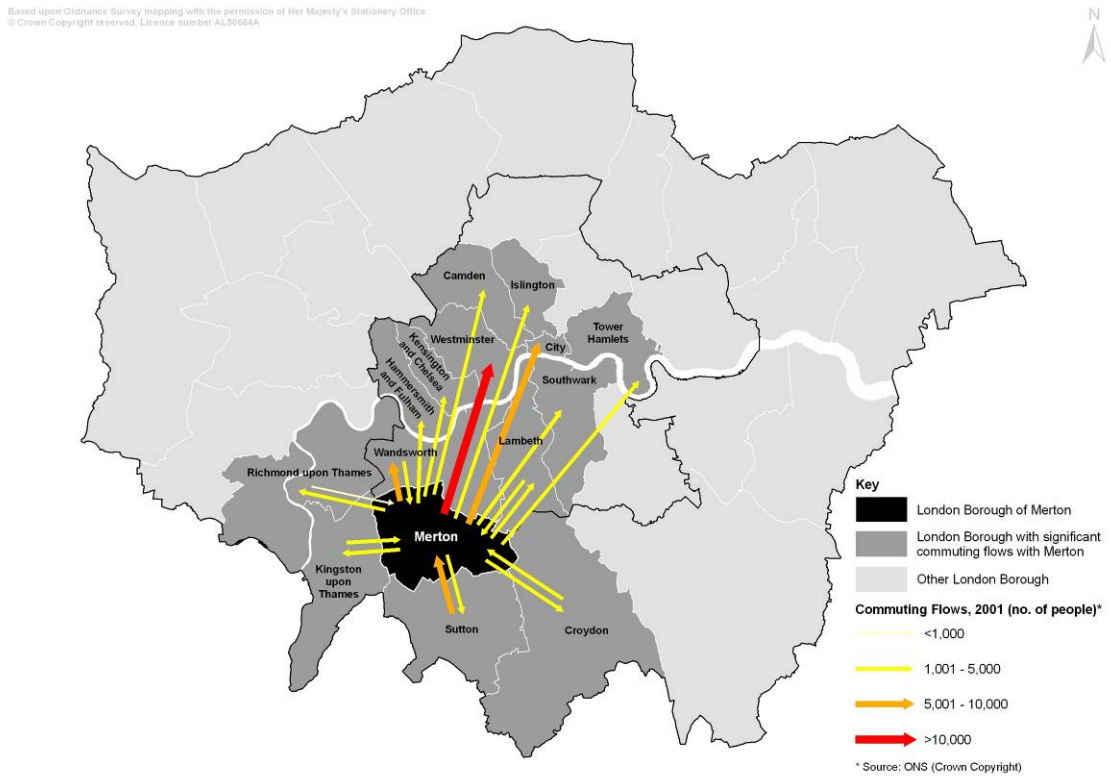
Knowledge-based industries are those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of an economy's competitiveness and future growth prospects. Over 31% of Merton's businesses were in knowledge-based sectors in 2008 – a much higher proportion than the national average (22%), but very similar to the London rate of 30.9%. Merton also had a mid ranking rate among South London Partnership boroughs, for which the proportions ranged between 24.6% and 38.5% (L B Richmond). This picture reflects a reasonable concentration of creative industries, as well as financial and professional services, in Merton.

Functional Economic Area

2.32

Examining commuting flows can help in defining the functional economic area within which a Borough lies (Figure 2.7). In 2001, only 33% of Merton's economically active residents also worked within the Borough giving a relatively low rate of self-containment. Over 63,000 residents travelled out of the Borough to work elsewhere, predominantly to central London (15%) and nearby Boroughs such as Wandsworth (9%), Sutton (4%), Kingston (4%), Lambeth (4%) and Croydon (4%). At the same time, approximately 26,000 people commuted into Merton, again predominantly from Sutton (12%), Wandsworth (8%), Croydon (6%) and Kingston (5%).

Figure 2.7 Primary commuting flows to/from Merton



Source: 2001 Census

2.33 On this basis, Merton is a large net exporter of labour, with a net outflow of almost 37,000 out-commuting residents, almost 40% of its resident workforce, although this is not untypical of outer London boroughs. These flows also demonstrate close economic linkages to immediately adjoining south London Boroughs but also to Central London. They also indicate the importance of the main rail and underground transport links in defining these economic linkages.

2.34 One approach to identifying Functional Economic Market Areas is by reference to Travel to Work Areas (TTWAs), which are relatively self contained, internally contiguous labour market areas. A commonly used definition is that at least 75% of the TTWA's resident economically active population also work in the area, and of all those working in the area at least 75% also live in the area. Taking account of this and other factors, Merton Borough would appear to fall within a wider economic area focused on south London and including nearby boroughs such as Wandsworth, Kingston, Richmond, Sutton and Croydon.

Conclusions

2.35 Taken as a whole, Merton has a reasonably buoyant local economy with below average unemployment, above average skill levels and good rates of new firm formation. However, job growth overall has been well below the London average, while workplace earnings are also relatively low. Drawing together all the above indicators, the economic strengths and weaknesses of the area,

together with potential opportunities and threats which will influence its ability to support new employment space in the future, are summarised below:

Table 2.2 SWOT Analysis of the Merton Economy

Strengths	Weaknesses
<ul style="list-style-type: none"> ○ Low unemployment ○ High economic activity rate ○ Good transport links to Central London, ○ Above average business formation ○ Above average skill levels ○ Reasonable manufacturing base ○ Wide recognition from Wimbledon brand name ○ Good quality of life factors 	<ul style="list-style-type: none"> ○ Lower quality of employment sites ○ Road congestion & distance from motorways ○ Low workplace wages ○ Fairly high reliance on public sector jobs ○ Below average representation in growth sectors ○ Above average decline in manufacturing jobs ○ High housing costs
Opportunities	Threats
<ul style="list-style-type: none"> ○ High proportion of self-employed indicates entrepreneurial activity ○ Lower cost base than inner London ○ Strong in creative sector ○ Opportunity to build on Wimbledon `brand` 	<ul style="list-style-type: none"> ○ High dependence on wider London economy ○ Over dependence on public-sector and manufacturing jobs ○ Competing role of nearby London boroughs ○ Older industrial premises and no large scale offices

Source: NLP analysis

3.0 The Current Stock of Employment Space

- 3.1 This section provides an overview of the current stock of employment space in Merton, and recent trends in and changes to the supply of such space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of B class employment uses – primarily offices (use class B1(a)), warehousing/distribution (B8) and manufacturing industry (B1(c)/B2).
- 3.2 Trends in the supply of employment space in the Borough were assessed from the following sources:
- a commercial floorspace data from the ONS and Valuation Office Agency (VOA);
 - b L B Merton’s Annual Monitoring Report (AMR) data on commercial space; and
 - c the EGi Property Link database and other commercial property sources.
- 3.3 Floorspace trend data on most other uses defined as economic development by PPS4 is not typically available from these sources and current provision for non B class uses is considered separately in Section 8.

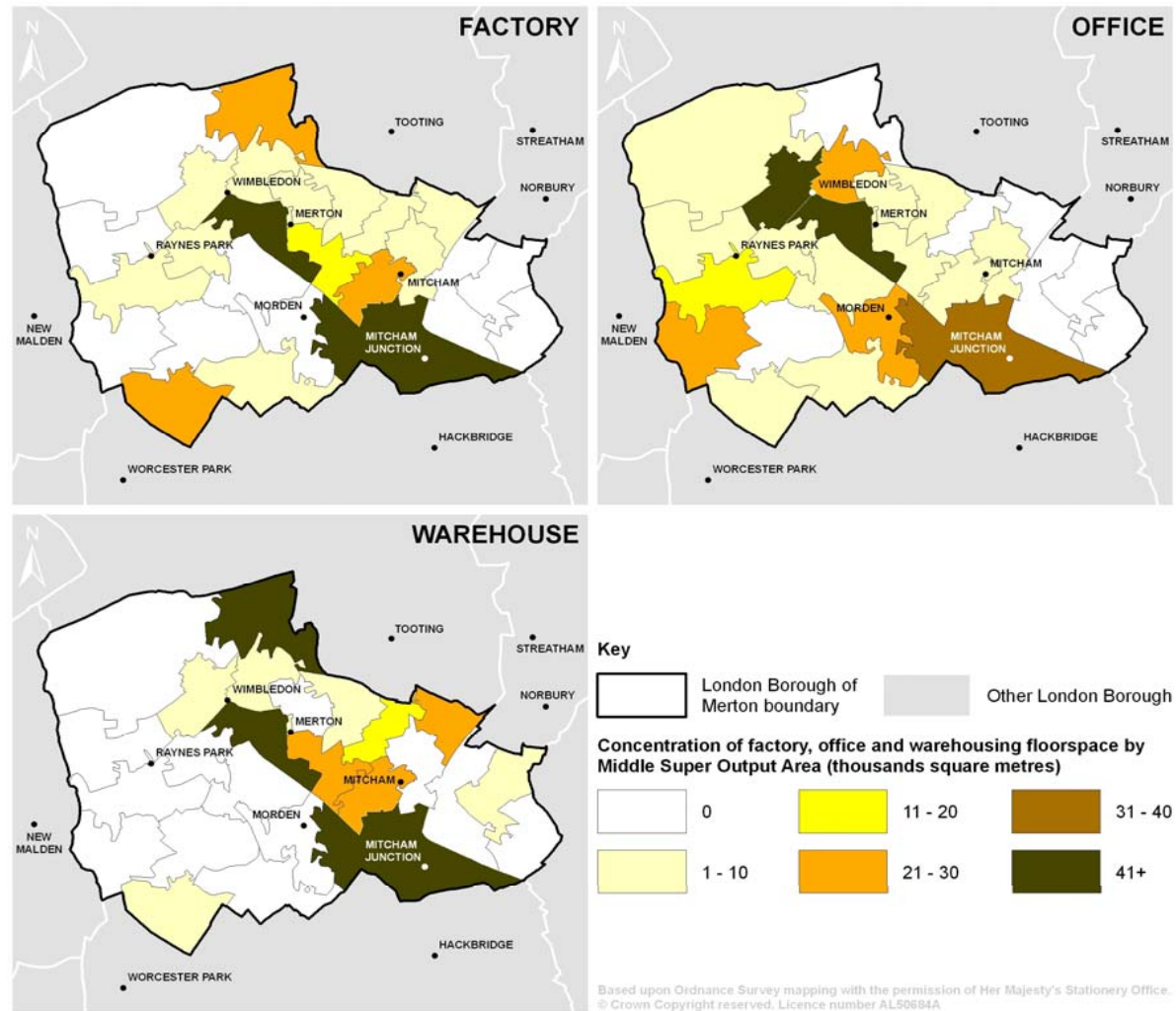
Main Employment Areas

- 3.4 The main centres of economic activity and employment within the Borough include:
- office, retail and leisure activities in Wimbledon town centre (major centre), and to a lesser extent in the other centres of Morden (district centre), Mitcham (district centre), and Colliers Wood (proposed district centre);
 - 16 medium/large industrial estates such as the Morden Road Factory Estate, Prince George’s Road, Beverley Way Industrial Area, North Wimbledon and the Willow Lane estate on the southern boundary;
 - some 450 small, scattered employment sites spread across the Borough;
 - many education, health and community facilities spread throughout the Borough, including Wimbledon College of Art.

Distribution of Employment Space

- 3.5 An indication of the broad geographical distribution of the current stock of employment space across the Borough is given by Figure 3.1 below. This shows that office space is heavily concentrated around Wimbledon town centre, with lower levels around the Mitcham and Morden centres. In contrast, factory and warehousing space is heavily concentrated in the Mitcham area and to a lesser extent on the northern edge of the Borough, broadly reflecting the distribution of the Borough’s larger industrial areas.

Figure 3.1 Distribution of Office, Factory and Warehousing Space in Merton, 2008

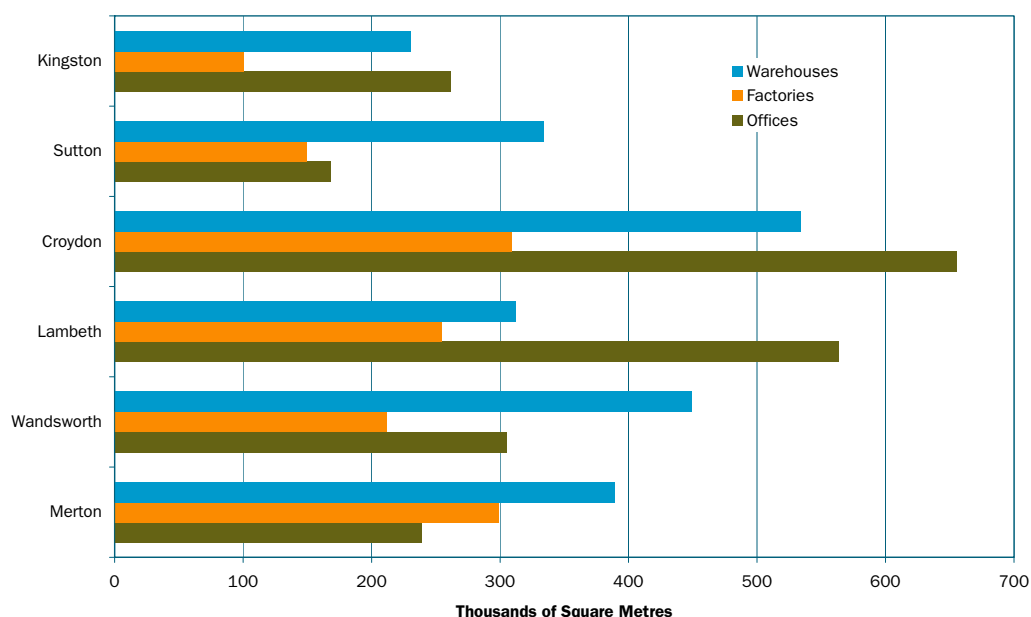


Source: Valuation Office Agency/NOMIS Note: Maps show Middle Layer Super Output Areas

Current Stock of Employment Space

- 3.6 In 2008, Merton contained some 927,000 m² of B class floorspace. A breakdown of this space by main uses and a comparison with employment space levels in nearby Boroughs are shown in Figure 3.2. This indicates that some 74% of employment space in Merton is in industrial premises, with a relatively small level (26%) of office provision. The majority of the industrial space comprises manufacturing premises, the rest distribution and warehousing.
- 3.7 In terms of land occupied by industrial uses, in 2010 the amount recorded in Merton amounted to 177 ha, the fourth highest amount among South West London Boroughs after Sutton, Croydon and Wandsworth.⁸
- 3.8 Merton has a much smaller supply of B Class employment space overall than neighbouring Lambeth and Croydon but significantly more than the outer London Boroughs of Sutton and Kingston. It also has the second lowest amount of office space among the six South London Partnership boroughs.

Figure 3.2 Stock of B-class Floorspace in Merton & Adjoining Boroughs, 2008



Source: Valuation Office Agency/NOMIS

Changes in Employment Floorspace

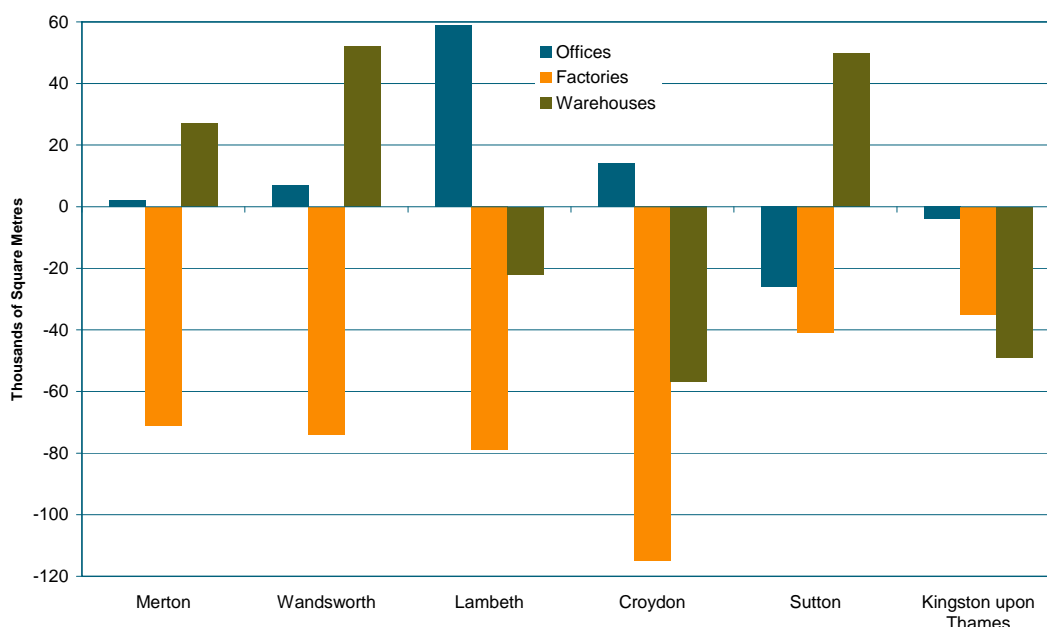
- 3.9 Recent changes in the stock of B class floorspace were examined using data from the Valuation Office Agency (VOA). This provides a broad picture of net change but also includes existing buildings being brought back into productive use.

⁸ London's Industrial Land Baseline, Report for LDA & GLA, June 2010

3.10 Figure 3.3 illustrates the overall scale of change in employment floorspace in Merton and surrounding Boroughs over the past decade. This indicates that Merton experienced a net decrease in all B class floorspace of some 42,000 m² (or -4%) over the period 1998-2008, with a gain in warehousing space (+27,000 m²) and a modest increase in office space (+2,000 m²) offset by a large fall in factory space (-71,000 m²).⁹

3.11 This general pattern is not dissimilar to that in surrounding Boroughs, all of which recorded an overall decrease in their stock of employment space, mainly through losses of industrial space. Merton's overall loss of employment space was below that in Croydon (-10%) and Kingston (-13%) and similar to that in Sutton (-3%), Wandsworth (-2%) and Lambeth (-4%).

Figure 3.3 Change in Stock of B-class floorspace, 1998 - 2008



Source: Valuation Office Agency/NOMIS

3.12 In general terms, inner south London Boroughs have been gaining office floorspace over the last decade (Lambeth +12%, Wandsworth +2% and Croydon +2%) whilst outer London Boroughs (Sutton -13% and Kingston -1%) have been losing it. Merton sits between these two groups with a very small increase of 1%. At the same time, Merton also recorded the smallest proportionate loss of factory space (-18%) of all surrounding Boroughs. Trends in warehousing space were more variable, with Merton recording lower growth (7%) than Wandsworth (14%) and Sutton (19%), although Lambeth, Croydon and Kingston all had falls of between 6-18% in this sector.

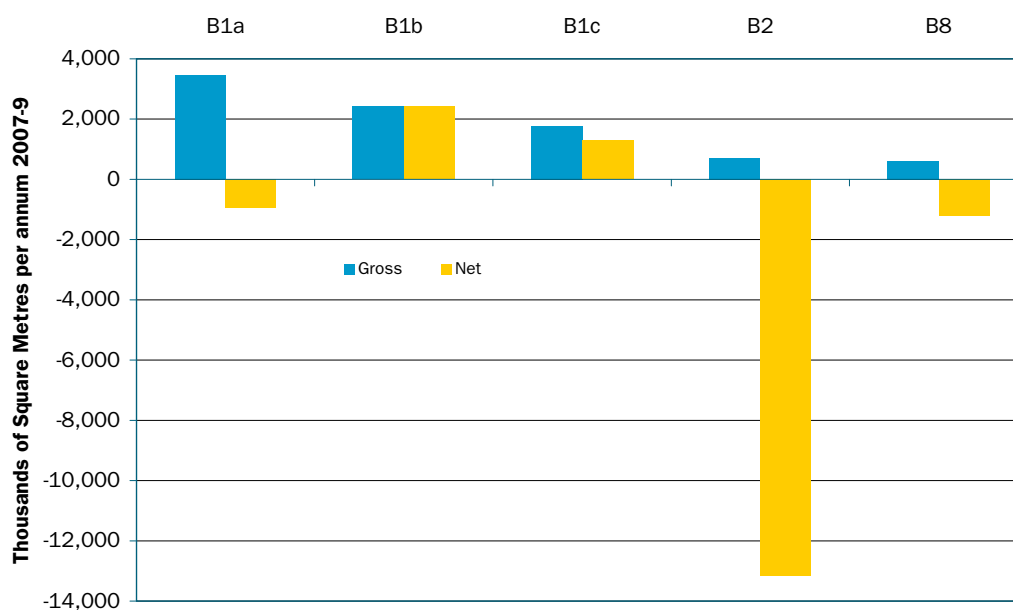
⁹ Due to a data discontinuity in 2004/5 this figure is based on amalgamating change over the periods 1998-2004 and 2005-2008 and so actually comprises 9 years change.

Development Rates

3.13 Based on LB Merton Annual Monitoring data, the gross amount of floorspace developed for employment uses in Merton over the last four years (2005-9) is shown in Figure 3.4 below.

3.14 An average of 12,500 m² (gross) of new B Class space was developed annually in this period, with just over half of this comprising office (B1(a)) and Research & Development (B1(b)) space and the remainder industrial space (B1(c), B2 and B8).

Figure 3.4 Gross Annual Completions of B Class Space in Merton 2005 - 09



Source: London Borough of Merton Annual Monitoring Reports Note: Net figures cover 2 years only

Losses of Employment Space

3.15 LB Merton data on net completions (taking account of losses of space) is only available for two years (2007-9). The average net completion rate for these two years was -11,600 m² per annum against a gross completion rate of +9,000 m². This implies annual losses of employment space in the order of 20,600 m² per annum.

3.16 Most of the losses included in the monitoring figures were from B2 manufacturing space (-13,200 m² p.a.) although offices (-1,000 m²) and warehousing (-1,200 m²) also recorded small losses. In terms of the quantity of B-class land that was lost, this amounted to an average of 2.9 ha per annum in the period 2007-9.¹⁰

¹⁰ LB Merton Annual Monitoring Reports, 2007-09

- 3.17 These losses were largely to residential and other Non B class uses (such as religious facilities, health or education) although some involved recycling of industrial sites to provide modern B class space. Losses of land to residential development have averaged 1.3 ha annually over the last three years.
- 3.18 Taking account of such large losses of industrial space, net development rates in Merton have been negative in recent years. Table 3.1 below compares estimates of net completion rates in Merton from different sources in order to ascertain whether the recent two years of data from the Merton AMR are broadly similar to the longer-term trend over the last decade provided by the VOA data. Both indicate large net losses of manufacturing space and modest gains in office space. However, the longer term VOA data suggests a much lower net loss overall than implied by two years of L.B. Merton data, with the latter indicating a higher rate of office development.

Table 3.1 Net Annual Completion Rates of Employment Space in Merton

	Offices (B1a/b)	Manufacturing (B1c/B2)	Warehousing (B8)	All B Uses
VOA data (98-08) (m²)	+200	-7,900	+3,000	-4,700
Merton AMR (07-09) (m²)	+1,500	-11,900	- 1,200	-11,600

Source: VOA/Merton AMRs and NLP analysis

Age of Premises

- 3.19 Although only covering the period up to 2001, ONS data on the age of premises can give some indication of the age of industrial and commercial premises in the Borough. This shows that, in comparison with the London average, there was a relatively high proportion of office stock built in the 1970/80s in Merton, but relatively little modern stock (post 1990). The situation is similar with regard to industrial premises, with relatively much less manufacturing space built after 1990 than in London and nationally, and 85% of the stock built before 1980. Merton does, however, have a higher proportion of warehouse space built in the 1970-90s. Overall, this picture indicates a commercial property stock which is probably still fit for purpose in most cases but with fairly little new, high quality space to attract occupiers.
- 3.20 However, as noted in paragraph 3.13 above, some 50,000 m² of new office and industrial space has been completed since 2005, which would have added some modern stock, although less than 6% of total supply.

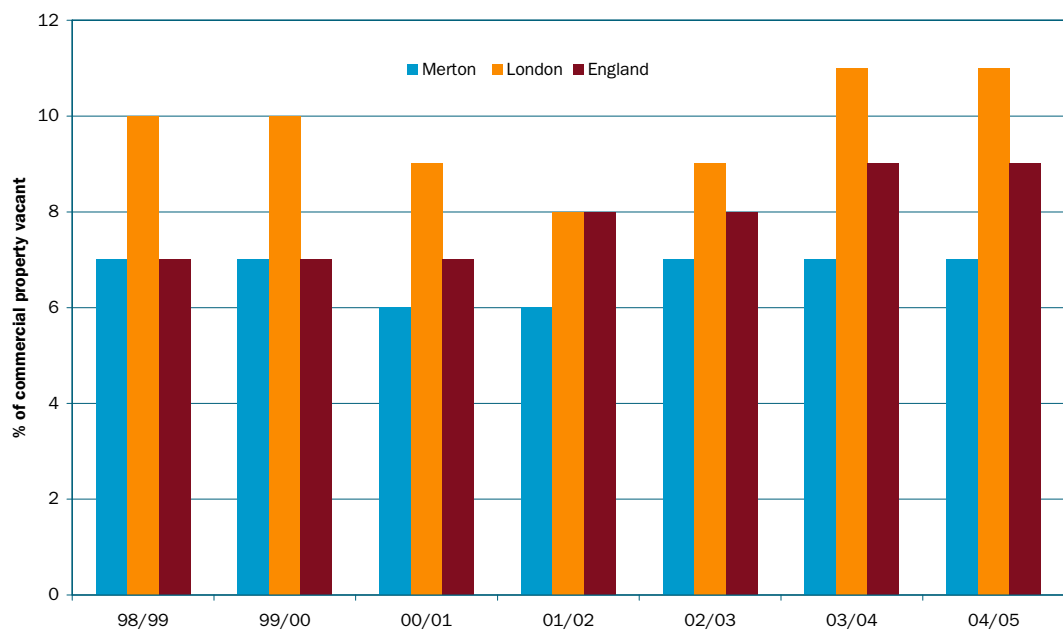
Vacancy

- 3.21 In May 2010 there was approximately 41,000 m² of vacant office space available and being marketed within the Borough. This was equivalent to 17% of the total stock of such space and mostly consisted of larger and older office

blocks within Wimbledon, Mitcham and Colliers Wood town centres.¹¹ This vacancy rate is much higher than the 8-10% level that is typical for a normal market with a reasonable amount of space available for firms to relocate and expand, but probably largely reflects adverse market conditions after a severe recession as well as some large, older premises that are difficult to let.¹²

3.22 Vacancy for industrial space was 51,300 m², but this was only 7% of the total supply, and spread over a variety of locations including the Merton and Mitcham Industrial Estates. This figure is slightly below a normal vacancy rate, indicating a relatively tight local market and possibly a shortage of suitable industrial premises relative to demand.

Figure 3.5 Vacancy of Commercial Property to April 2005



Source: Nomis/ONS Neighbourhood Statistics

3.23 A longer term picture of commercial property vacancy in Merton is given by VOA data (Figure 3.5), although this only covers the period up to 2004/5. This shows that vacancy levels in Merton have historically been fairly low in most years, and generally lower than London and national averages, with an overall figure of 7% in 2005 compared to 11% in London.

Emerging Supply of Employment Space

3.24 The supply of potential new employment space in Merton’s development pipeline comes predominantly from sites with planning permission for

¹¹ EGPropertylink data, April 2010

¹² an 8-10% vacancy rate is generally accepted in the property sector as a normal market level which allows some movement of businesses

employment space. This data was obtained from the London Development Agency's monitoring data for larger development proposals and monitoring data for smaller developments from the London Borough of Merton.

- 3.25 Table 3.2 below indicates that the gross amount of B-class floorspace with extant permission at April 2010 stood at 83,300 m². However, taking account of losses which would occur if these schemes are implemented, there would be a net loss of employment space. This still indicates potential to provide a significant amount of new employment premises even if the Borough is losing employment space overall.

Table 3.2 Permitted Employment Space, 2010

	B1 (Unspecified)	Offices (B1a/b)	Manufacturing (B1c/B2)	Warehousing (B8)	All B Uses
Gross (m²)	1,700	+20,800	+18,800	+41,900	+83,300
Net (m²)	1,300	+500	-34,300	+31,350	-1,100

Source: LDD Database and Merton Council Commercial Monitoring, April 2010

- 3.26 This gross amount of floorspace in the development pipeline is broadly equivalent to over six years of future supply at recent gross completion rates in the Borough.

Employment Space in Adjoining Areas

- 3.27 It is also important to understand the extent of available employment land in adjoining Boroughs and any major new economic developments coming forward there which might compete with Merton for future demand. A brief review has therefore been undertaken below of the current position in each area.

Croydon

- 3.28 The London Borough of Croydon has eight designated Employment Areas, with three of these - Purley Way North, Purley Way South and Marlpit Lane - identified by the London Plan as Strategic Employment Locations. The Borough's Employment Areas are mainly allocated for industrial and/or warehousing uses. Outside the designated employment areas, there is also a pool of industrial/warehousing floorspace on smaller sites.
- 3.29 Warehousing (B8) is the dominant use in these areas reflecting the Borough's good access to the M25, Gatwick Corridor and South London. Most recent development has also been B8. However, recent years have seen significant losses of B-class floorspace across the borough, often to retail warehousing.
- 3.30 In April 2010, the Borough had few outstanding commitments or permissions for industrial land with just 0.2 ha of unimplemented B8 floorspace. The draft Core Strategy identifies the Cane Hill Hospital site as a major science &

business park (83 ha) though this is likely to be developed as a mixed use site with both housing and employment uses.

3.31 In terms of offices, Croydon is the principal centre in South London, and designated as a Strategic Office location and Opportunity Area in the London Plan. The centre was rebuilt on a large scale in the 1960s, with a large amount of office space but much of this now dated. Office vacancy in the town centre is high (22% or 80,000 m²)¹³ but there have been several large refurbishment schemes which have increased the supply of modern space. The main development in the pipeline is Ruskin Square beside East Croydon railway station in the town centre. This large mixed-use scheme obtained permission for a scheme including 84,000 m² of new office space although it may be several years before development starts.

3.32 In terms of provision for small firms and start-ups, the Croydon Innovation Centre provides low cost flexible desk space for rent.

Kingston-upon-Thames

3.33 The Royal Borough of Kingston-upon-Thames, to the west of Merton, has a largely service-based economy, with less emphasis on manufacturing. Retail, leisure, business/financial services and public sector services in the main town and district centres of Kingston, New Malden, Surbiton and Tollworth, account for about 50% of employment.

3.34 There are nine main industrial areas and business parks with a total of around 280,000 m² of industrial floorspace. Chessington Industrial Estate and Barwell Business Park are recognised as of strategic significance within London. There is currently a high level of industrial vacancy in Kingston, amounting to 37,000 m² or approximately 13% of the total stock. The majority of future demand from the industrial sector in the Borough, at least in floorspace terms, is expected to be from the logistics sector.

3.35 The 2008 Employment Land Study identified 109 office-only sites, comprising approximately 143,000 m² of floorspace. Together with office accommodation on mixed-use sites, there is an estimated office stock of 333,000 m² with an overall vacancy rate of around 7% or 24,000 m².¹⁴ No major office developments or commitments have been identified. Overall, there is currently only a small amount of employment land (1.7 ha) with unimplemented planning permissions, none of this is in the New Malden area beside Merton.

3.36 The Kingston Innovation Centre in Kingsmill Business Park is a facility specifically aimed at small start up firms. Although the feasibility of setting up an incubation facility for start-up creative industry firms at Roehampton was explored, no such facility yet exists in the Borough.

¹³ Croydon Annual Monitoring Report 2008-9

¹⁴ Source: VOA 2007

Lambeth

- 3.37 The Borough of Lambeth adjoins Merton's north east boundary and forms part of London's inner city bordering central London. The local economy is characterised by a high proportion of micro, small and medium enterprises and a high business start-up rate. Key sectors expected to have above average growth over the next decade are: other (mainly public) services; financial and business; transport and communications; and construction.
- 3.38 Lambeth is also home to a number of large multi-national firms, many of which have their headquarters in the north of the Borough near Waterloo station, such as Shell and P&O. Vauxhall is a popular area for manufacturing and services operators requiring affordable premises with easy access to Central London.
- 3.39 Lambeth has 29 Key Industrial Business Areas (KIBAs), with a 2009 survey indicating vacancy of only 8%. There is also almost 60 ha of 'Locally Significant Industrial Sites' although there has been a continuing and steady loss of employment sites and floorspace, with intense pressure for development for other uses. The most significant recent example of this was the mixed-use development at the Freemans site on Clapham Road with a net loss of 18,000 m². There is some vacant B2 land within existing employment sites.
- 3.40 L B Lambeth's 2007 Business Premises Study found limited availability of premises and also very limited future development opportunities to meet strong demand. As a result, the levels of demand outstrip supply for a wide range of sizes and types premises.
- 3.41 There are no significant outstanding planning permissions or employment commitments in the Borough at present, although there have been various recent proposals for high rise developments including new office space at Vauxhall Bondway.
- 3.42 Key development sites (although not commitments) which are priorities as set out in the Borough's economic development strategy include:
- a East Brixton Regeneration Arc (7.4 ha) – for a mix of uses with a strong focus on creative and cultural industry uses;
 - b Brixton Prison (2.6 ha) - potential for a mixed-use development if the prison becomes surplus to requirements;
 - c West Norwood Opportunity Site (1.4 ha) – with a development brief to redevelopment for town centre uses, residential and employment generating commercial activities; and
 - d Loughborough Junction (6.8 ha) - scope for major coordinated regeneration, including redevelopment of 'bad neighbour' employment uses where it provides a high density mix of uses.
- 3.43 There is no indication of dedicated incubation space for start-up firms in Lambeth.

Sutton

- 3.44 The London Borough of Sutton adjoins the southern boundary of Merton. Its employment land position was reviewed by a 2005 Employment Land & Premises Study, which was updated in 2008.
- 3.45 Sutton has a sizeable amount of industrial land. Industrial occupiers are attracted to the area by the good access to the A23 and A217. Its 11 main industrial areas cover 147 ha and lie mainly in the north of the Borough, close to Merton. They include three Strategic Industrial Locations (SILs) - Beddington, Kimpton and Silver Wing/Stafford Cross - as well as eight locally significant Established Industrial Areas. The three SILs account for 86% of Sutton's industrial land supply, with 70% on the Beddington Estate, which contains significant waste management uses. The 2008 ELR found over 17% of Sutton's industrial floorspace was vacant but this included some very recent developments.
- 3.46 Kimpton Industrial Estate contains some 3.6 ha of vacant land, partly because several developments there have been put on hold as a result of the recession. The Felnex Trading Estate also has a considerable amount of vacant land and, together with other sites in the Hackbridge area, is seen as more suitable for mixed-use redevelopment. Sutton generally appears to have a fairly good supply of modern industrial developments with 20 small modern units recently developed at the IO centre on the Kimpton industrial estate. There is also reasonable provision of small units for both office and industrial uses such as at Sutton Business Centre and Westmead Business Centre.
- 3.47 Future industrial land requirements up to 2026 are estimated at a net 17 ha, partly to meet waste management needs. This requirement is to be met by encouraging intensification within existing industrial areas, and seeking to extend industrial areas on to both previously developed and undeveloped land, particularly a 16 ha site beside the Beddington estate, although this is within Metropolitan Open Land.
- 3.48 In terms of office space, the Borough has three town centres, Sutton, Wallington and Cheam, which have some office provision, mostly in older, high-rise office blocks which typically have a high vacancy rate. The forecast office space requirement is some 22,500 m², which could be partly met from vacant office space in existing buildings but more likely to be through mixed use developments in town centres. In April 2008, permitted employment developments in the pipeline would provide 9,360 m² of floorspace (5.7 ha), although no major office developments appear to be committed or underway in Sutton.¹⁵ Although a need for more provision for small to medium sized firms is identified, the Borough does not appear to have any dedicated incubation facilities for start-up firms.

¹⁵ Sutton Annual Monitoring Report 2008-9

Wandsworth

- 3.49 This Borough adjoins Merton's northern boundary and has a predominantly small firm economy. Its Industrial Employment Areas (IEAs) are the core areas of industrial and other business activity. These comprise industrial estates and concentrations of industrial and business premises. They cover some 140 ha and are located mainly in Nine Elms and north-east Battersea away from the riverside, and along the Wandle Valley but there are currently few vacant sites within them.
- 3.50 Nine Elms is identified as an 'opportunity area' in the London Plan and is seen as London's largest and most centrally located regeneration opportunity extending to 180 ha, including Battersea Power Station. Three mixed-use zones are planned, centred on New Covent Garden Market, the US Embassy and the Battersea Power Station with international, creative and food industries expected to be targeted for the commercial premises. The opportunity area planning framework, published in November 2009, estimates delivery of 200,000 m² of mixed use employment uses in the opportunity area (office, retail and other), plus a further 160,000 m² of office, 60,000 m² of retail and 80,000 m² of other employment uses at the Power Station site.
- 3.51 The Borough's five town centres provide a focus for employment activity as well as shopping and other community and leisure uses. Putney in particular is a significant office centre, with over 75,000 m² of floorspace in purpose built office blocks.
- 3.52 In terms of provision for small start-up firms, Culvert House in Battersea provides 30 managed workspaces while the Trident Business Centre offers 90 small commercial units as move-on space. The Wandsworth Youth Enterprise Centre offers low cost premises and business support for young entrepreneurs although there appears to be no general incubation centre.

Potential Competition

- 3.53 As noted above, there are a number of developments in the pipeline in nearby boroughs which have potential to compete with Merton for office and industrial occupiers in future, but to different extents.
- 3.54 Proposals for major new office space in Croydon, as well as the refurbishment of much older space there, may increase the competition with Wimbledon as an office centre, particularly for larger occupiers. However, market views indicate these centres attract different occupiers as a result of their different labour catchments and images and any competition may be limited. The planned major development of office space at Battersea and Nine Elms in Wandsworth could also compete although the scale and occupier profile of this space remains uncertain and it may attract firms requiring a more central London location. Nonetheless, these developments may limit the potential of Wimbledon to attract larger headquarters offices in future.

- 3.55 For industrial space, there are no major developments planned in nearby boroughs. Croydon has significant industrial areas and could compete to some extent although there are relatively few relocations between London boroughs. The amount of development land available in Sutton, its supply of small, modern premises, combined with its better road access may, however, result in a further decline in Merton's attractiveness for industrial occupiers.

Conclusions

- 3.56 Merton has a relatively small supply of employment space overall compared with neighbouring Lambeth and Croydon but significantly more than nearby outer London Boroughs such as Sutton and Kingston. It also has the second lowest amount of office space among adjoining south London boroughs.
- 3.57 In common with other boroughs in south London, Merton has experienced a small loss of employment floorspace over the last decade, mainly of manufacturing space with only a small increase in office and warehousing space.
- 3.58 The great majority (74%) of B Class employment space in Merton is industrial, with a more modest amount of office space (26%), a significant amount of which is concentrated in Wimbledon town centre. Industrial space is concentrated in Mitcham, Morden and in the north of the Borough. There are also some 450 small employment sites scattered across the borough and often within mainly residential areas. There is also a significant amount of Non B Class space, particularly retail and waste uses, that generate employment but the amount of such space is difficult to quantify.
- 3.59 Despite some new space built in recent years, Merton has a lower proportion of modern office and industrial premises than the London average, although there is a relatively high amount of more modern warehousing space.
- 3.60 An average of 12,500 m² of gross new B class space has been developed annually in Merton in recent years, just over half of this office-type space. However, significant losses, particularly of industrial space, have reduced the net development rate to a negative 4,700 m² p.a.
- 3.61 In gross terms, there is over 83,000 m² of potential new employment space in the development pipeline, equivalent to over six years supply at recent completion rates. However, because of losses which will occur on redevelopment, if these schemes are built it would result in a net loss of employment space overall.
- 3.62 In most adjoining boroughs, there are not large amounts of development employment land or vacant space that would give them major advantages over Merton to attract new investment. Although some will serve different markets, major office developments planned in Croydon and Wandsworth may compete to some extent for office occupiers in Wimbledon, although are more likely to limit its potential to attract larger occupiers rather than undermine its existing business base. Sutton, and Croydon to some extent, contains more industrial

land and Sutton has more modern industrial premises for small firms, which could reduce Merton's ability to retain industrial occupiers.

Implications for the Study

- a The majority of Merton's employment space is industrial and it has the second lowest amount of office space among south London boroughs
- b Merton suffered a net loss of B class floorspace over the last 10 years, with large losses of manufacturing space and only modest gains in office space, while much of industrial stock is dated.
- c While there is 83,000 m² of B class employment space in the development pipeline, redevelopment losses will produce a net loss of employment space if all this space is built.
- d Merton has been losing employment space at the rate of 20,600 m² p. a. in recent years, mainly B2 manufacturing space and largely to residential and other Non B class uses including religious facilities.
- e Merton has a good supply of space for small firms but no dedicated incubation facilities.
- f Wimbledon is likely to retain its predominant office role but Sutton and Croydon could compete for industrial occupiers due to greater supplies of employment land and more modern premises.

4.0 The Commercial Property Market

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

Overview

4.2 In 2010, the UK commercial property market was 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 harder to obtain and the risks of developing space without an end-user identified are high. As a result, speculative development has become rare, even in the relatively high value market of London.

4.3 There are differing views on how the market will evolve in the coming years. Most commentators believe that significantly reduced development rates will persist at least until 2011, although competing forces such as the scaling back of public sector space requirements and further falls in employment land prices may play out in different ways in different locations. There are also early signs of new office development returning in central London. In any event, this study is considering a period up to 2021, in which rises and falls in property demand may balance out, and the inherent qualities of the Borough as a commercial location need to be examined.

4.4 In terms of business perceptions and issues in Merton, a recent survey by South London Business found 71% of Merton firms were satisfied or very satisfied with the Borough as a business location. Key factors were a high quality of life and attractive residential environments so that many senior company decision makers live there, along with good access to London markets. However, there was no clear view of Merton as a whole, with Wimbledon identified as the “brand” that attracts businesses. In another 2009 survey of several hundred firms, availability of suitable premises was the third most quoted reason (by 15% of firms) for locating/staying in Merton. Although less than 4% of firms planned to relocate from Merton, the main reasons of movers were to be closer to main markets, obtain a better quality environment around their premises or for business expansion generally.¹⁶

4.5 Merton broadly has four commercial property market segments with different characteristics:

- a the Wimbledon town centre office market;

¹⁶ Merton Local Economic Assessment, Regeneris, 2009

- b smaller office centres elsewhere in the Borough, including Morden and Colliers Wood town centres;
- c the larger industrial estates (e.g. Willow Lane); and
- d smaller, scattered industrial sites across the rest of the Borough.

4.6 Broadly, the Borough can be divided into two main areas in terms of commercial property - the 'Greater Wimbledon' area, and the rest of the Borough. The main attractions of Wimbledon for firms are its good transport links, attractive residential environments and a highly skilled labour force, a good range of retail and other services and a lower cost of premises than locations closer to central London.

4.7 In the rest of the Borough, the market is very localised with firms mostly based there due to historical or ownership factors, as well as local labour force or supply-chain connections, although some manufacturing, storage and distribution firms are attracted by the relatively proximity of Merton to central London in comparison with more established industrial locations such as Sutton and Hounslow. Notwithstanding this, there is relatively limited competition with these other centres. Constrained sites (often with residential amenity issues), limited strategic and local road access and traffic congestion in some parts of the Borough, are all constraints on the popularity of Merton's employment locations outside of Wimbledon.

Wimbledon Office Market

4.8 Wimbledon is the primary office centre in Merton, and is the only centre in the Borough which has traditionally been able to attract higher value businesses of a significant size. It is estimated that Wimbledon town centre has an office stock of approximately 100,000 m² clustered around the railway/underground station, although extending east along the Broadway towards South Wimbledon underground station.¹⁷ The town centre has attracted a broad range of firms including some headquarter offices (e.g. Lidl UK, Streetcar), a range of professional service firms (e.g. Capsticks, URS) and 'back office' functions for larger corporations (e.g. Domestic & General).

4.9 Office demand has generally been steady in recent years, although 2009 was relatively buoyant despite the poor economic context, with approximately 10,000 m², or 10% of the total stock being let. Most demand was focussed on modern, grade 'A' space, with agents noting that occupiers increasingly want their headquarters accommodation in particular to be very modern and in a high profile location. Most stock built in the 1980s or earlier does not meet this specification and, as a result, most of the centre's vacant space is concentrated in such buildings. The need to maintain the high quality of office space in the town centre is recognised as a key priority in the Merton Economic Development Strategy.

¹⁷ This figure (100,000m²) is an estimate by commercial agents but is consistent with the estimated office space for Wimbledon town centre in the Mayor of London's 2009 London Town Centre Health Check (103,760 m²).

- 4.10 Overall, agents estimate that the vacancy level within Wimbledon town centre is approximately 10-12%. In current market conditions, this is a relatively tight market in comparison to other outer London centres some of which currently suffer from a significant oversupply of older space (e.g. Hammersmith and Kingston) and indicates fairly strong local demand.
- 4.11 As noted above, the main advantages of Wimbledon as an office location are its excellent radial transport links into central London (District line, rail to Vauxhall/Waterloo, the Thameslink service to Farringdon, Luton & St Albans) and Surrey (Surbiton, Epsom, Kingston, Woking etc) as well as orbital routes to other Outer London centres (e.g. Croydon Tramlink and Thameslink rail service to Sutton). This offers occupiers excellent access to labour and customers whilst being significantly cheaper than central London locations. It also has attractive residential areas surrounding it where a large number of senior managerial and decision-making staff live, and has a reasonable range of services in the town centre.
- 4.12 The main disadvantage of Wimbledon for some office occupiers is the lack of larger-scale, modern floorspace in the town centre. Whilst small and medium-sized companies are well-provided for in general, the lack of modern large-floor-plate buildings restricts its appeal for larger firms, and there have been reports of some occupying several different buildings in order to meet their requirements. This is likely to deter larger companies from locating in the town centre, and may in time lead to it losing some key occupiers.
- 4.13 There is relatively little competition with central London due to the large cost differential – at present headline Wimbledon headline rents are approximately £320/ m² compared with £590-640/ m² in the City and £860/ m² in the West End.¹⁸ As these rental levels are so different, occupiers tend to fall into one category or the other, with very little movement from central to outer London and vice-versa. Most competition is therefore with other suburban centres in Outer London including Richmond, Hammersmith, Twickenham and Chiswick. Wimbledon's competitive position compared with these other centres has been enhanced in recent years by completions of more modern office space and by expanded shopping facilities, particularly Centre Court shopping centre. Despite its proximity to Croydon, agents did not see the latter as a major competitor for office occupiers due to its communication links catering more for a south/south east London labour catchment, its poorer image and quality of urban environment and lower proportion of highly skilled workers. However, Croydon is able to offer much larger office premises and could be a threat if other factors were improved.
- 4.14 In addition, commercial agents in the area saw little competition between Wimbledon and centres in the wider South East such as Guildford and Crawley. This is due to a number of factors. Merton based firms are often unwilling to relocate that far away and risk losing their skilled workforce. In addition, these

¹⁸ Rents from EGPropertylink website and discussions with local commercial agents

centres would have quite different labour catchments and travel times to central London. Wimbledon occupiers tend to want a London location, but without the high cost of central London, meaning that such centres outside London are not seen as viable alternatives. It is also worth noting that, despite some indication to the contrary in the Outer London Commission report, no significant competition between outer London office centres and centres (such as Guildford) in the Outer Metropolitan Area was identified by the London Office Policy Review 2009.¹⁹

- 4.15 Due to the Wimbledon area's continuing popularity with occupiers and relatively tight market, agents perceived there to be significant potential to increase the amount of floorspace within the town centre in terms of demand. Although difficult to quantify, agents saw scope for up to a 50% increase in stock, amounting to in the order of 50,000 m² more space in total. However, there were doubts as to whether the centre has physical capacity for such an increase. Many of the 'prime' sites (generally those closest to the station) have been redeveloped in recent years (e.g. Swan Court on Worple Road) leaving sites further west down the Broadway with the most potential for development and intensification. However, land ownership appears to be highly fragmented in this area, making it difficult to obtain plots of a sufficient size to ensure viability. This, and the fact that occupier demand tends to be lower on such sites which are distant from the underground station, means that potential for expansion may be limited. However, there have been some refurbishments of older office schemes to modernise the supply.

Office Demand/Supply in the Rest of the Borough

- 4.16 Although Wimbledon is the only major office centre in the Borough there is a wide range of other office supply in Merton. This tends to be in small-scale premises, comprising a variety of converted and purpose-built buildings (e.g. the Burgess Mews scheme in Wimbledon). Demand has generally been good for such small office premises in recent years, due in part to Merton's highly educated workforce, high business start-up rate, and concentration of creative industries. However, demand is difficult to estimate as many requirements of this scale are not pursued through formal commercial property agents.
- 4.17 In general, the most desirable small office properties are located within the Greater Wimbledon area (e.g. Wimbledon Village, South Wimbledon, Raynes Park), with much lower levels of both supply and demand in the other parts of the Borough (e.g. Mitcham, Morden, Colliers Wood etc). However, often more important than their location and quality of premises is the type of ownership available to occupiers, as most small businesses strongly prefer a freehold tenure, with some leasehold premises suffering from weak demand as a result.
- 4.18 Demand for larger office premises in the Borough's other town centres (e.g. Mitcham, Morden) has been very weak in the past, with only small, local firms

¹⁹ London Office Policy Review, GLA, 2009; Outer London Commission, Final Report, May 2010

being interested in taking space here, typically a low rents. This limited demand is further hindered by the generally dated and ageing stock of premises in these locations.

- 4.19 As noted earlier, in mid 2010 there was approximately 41,000 m² of vacant office space available in the Borough, equivalent to 17% of the total stock but mostly in larger office blocks in the town centres, some quite old. This vacancy level is higher than in normal market conditions but reasonable compared with other outer London centres, and does not necessarily indicate low demand.
- 4.20 Agents saw very limited scope to develop new office space on industrial estates in Merton, because of their industrial environment and because many of these estates are not well located for services or public transport. There have, however, been some conversions of older factory units into small managed office centres, for example the Willow Business Centre in the Willow Lane Industrial Estate.

Industrial Demand/Supply

- 4.21 Most of the market for industrial space in the Borough is focused in the larger strategic and significant industrial areas.
- 4.22 In general, demand has been relatively low in recent years, and has been overwhelmingly (approximately 90%) from storage/distribution uses with relatively few genuine manufacturing inquiries. However, agents noted that a primary reason for this is that the stock of premises in Merton is rather dated, with much dating from the 1950s and 1960s and so relatively poorly suited to modern business needs. In particular, the height of units is often insufficient, with cubic capacity being more important than actual floorspace to many occupiers, and it can be difficult to sub-divide the larger units.
- 4.23 Demand is almost exclusively from local firms, with very few enquiries from outside South London. A common view was that there would be continued demand for more small to medium sized industrial units, but some concern about the prospects of any new industrial premises being developed to meet this demand in the longer-term.
- 4.24 Where modern stock has been provided, particularly in the form of smaller units, demand has been much stronger. An example is the 32-unit Chancery Gate Business Centre in Streatham Vale, in LB Lambeth, which let or sold all units within two and a half years of completion despite a difficult economic context. Demand has been strongest for small units (100 m² or less), with the medium-sized units (100 to 500 m²) taking longer to let/sell.
- 4.25 Whilst there appears to be significant demand for this type of small-scale industrial development within the Borough, there are few examples of schemes completed in recent years due to;
- a relatively poor viability for industrial uses in Merton, reflecting quite low rents and often high land prices as a result of competition from residential and retail developers;

- b high risks of developing small units as it is very difficult to secure pre-lets for small units which must therefore be built speculatively, a practice now more difficult because of tighter lending criteria for developers; and
- c a shortage of suitable and available sites - many small unit schemes require a minimum site size of around 1 ha, which can be difficult to obtain from the piecemeal ownership of the Borough's scattered sites, whilst several larger industrial areas are owned by a single large company or pension fund, which is often unwilling to sell off small plots.

- 4.26 Despite its older premises, and probably partly reflecting the lack of new provision, industrial vacancy in Merton is quite low, at 7% of the stock, suggesting that demand has held up reasonably during difficult market conditions.
- 4.27 Although the industrial market is fairly localised, the Borough faces strong competition from neighbouring Boroughs for industrial occupiers, particularly Croydon and Kingston, both of which have a greater supply of more modern space, and better access to the M25 from some locations. Sutton also appears to have more, small modern industrial units. While firms are unwilling to move far to avoid losing skilled staff, there have been a few relocations to Croydon, which is actively promoting its industrial areas, and locations with better road access further afield such as Crawley.
- 4.28 Agents noted that the small scattered industrial sites in residential areas often provide poor quality accommodation for occupiers, and can be very difficult to re-let if they become vacant. Key problems cited include the generally poor quality of the buildings which often have had very little investment in their upkeep, difficult road access through residential areas, issues with residential amenity and a lack of market visibility.
- 4.29 There has been very limited interest historically for large-scale distribution activities within Merton, and other London locations with better strategic access and availability of larger sites are likely to continue to be more obvious locations for such larger distribution activities.

Rental Levels

- 4.30 As noted above, headline Wimbledon town centre rents are approximately £320/m², which offers a significant cost advantage over the central London locations of the City (£590-650/m²) and West End (£860/m²). This price level is similar to that in other South West London centres such as Richmond and Hammersmith, although it is more expensive than Croydon and Twickenham (£210-270/m²). Office rents in the rest of the Borough vary widely according to location and quality, although they are broadly around £160/m², but with rents of £270/m² achieved in small, modern stock close to Wimbledon (Table 4.1).
- 4.31 In comparison, industrial rents are mostly in the range £75 – £110/m² with an average of about £100. However, modern stock, and small units in particular, have achieved rents of around £130/m² with some larger older space being let for rents of around £30 – £50/m². This cost level is similar to that in

competitor locations such as Croydon and Crawley, although these locations have much greater supplies of modern space and better accessibility.

Table 4.1 Average Headline Commercial Property Rents in Merton & Competing Areas

Centre	Office Rents (£/m ²)	Industrial Rents (£/m ²)
Wimbledon	£320	£140
Morden	£160	£100
Colliers Wood	£160	£100
Mitcham	£160	£100
Kingston	£200	£120
Richmond	£250	£130
Sutton	£170	£100
Hammersmith	£270	£150
Croydon	£210	£100
Crawley	£180	£90
London City	£590	n/a
London West End	£860	n/a

Source: Survey of Agents and Estates Gazette Interactive Database

Inward Investment

- 4.32 Merton has had only modest success in attracting new investment from firms outside the Borough in recent years. This has almost exclusively been confined to office occupiers in Wimbledon town centre. Examples of this include the legal firm Capsticks and the UK headquarters of retailers Lidl and Morrisons. However, there have also been a few firms (mainly manufacturers) who have moved out of the Borough in recent years, the most notable firm being the aerospace firm Thales Group.
- 4.33 Reasons cited for the movement of manufacturing firms out of the Borough include:
- a a lack of modern premises and expansion land;
 - b difficult road and public transport access to some estates and high levels of traffic congestion;
 - c high wage and land costs; and
 - d better access to the M25 in neighbouring boroughs.

Start-up Space

- 4.34 Merton has a fairly wide range of start-up and managed workspace for both office and industrial occupiers. Examples of small business centres include the Lombard Business Park (Bizspace), along with the Heston Business Centre and the Gladstone Road Business Centre, both in Wimbledon. For offices, there are a number of small managed and high quality schemes in residential areas, within Wimbledon especially, and small business centres in converted industrial units. There is generally perceived to be a good supply of managed workspace within the Borough. However, as with the rest of the stock, the quality of space

and available level of business support has a strong impact on the level of demand. Most tenants are local firms originating in the Borough or wider South London area. There was not widely perceived to be an urgent need for more managed workspace within the Borough given current levels of market demand.

- 4.35 The Generator Business Centre near Mitcham is understood to be the only incubation centre in the Borough, with around 20 small office and workspace units but occupancy is fairly low at around 70%. It is understood this facility was provided as a developer contribution linked to residential development and it is not ideally located for public transport and its long term future is unclear. However, there are also understood to be two established Council workspace centres aimed at start-ups/micro-businesses at Miles Road and Canterbury Road. Despite this, some need was seen for more low cost space aimed at very early start-up firms moving out of residential premises.

Creative Industries

- 4.36 Merton has a significant concentration of firms in this sector, partly linked to Wimbledon College of Art, the various theatres in the Borough and the generally attractive nature of Wimbledon as a place to live. This includes design firms, IT and web design, theatre prop production, set design and various media related activities.
- 4.37 These uses tend to locate in small office or industrial units, with television production studios on some industrial estates, although some may be based in residential properties. Other than the Wimbledon area generally, and the Canterbury Studios scheme of small units in Morden, there is no strong focus for this sector, although the Merton Abbey Mills development near Colliers Wood town centre contains a number of these firms. Demand for premises by such businesses is reasonably good but probably largely catered for by the small managed premises described above. The Art College may in future seek to provide incubation facilities for spin-out firms but there is no specific provision at present.

Mixed-use Development

- 4.38 There have been some examples in recent years of new commercial space being provided as part of mixed-use schemes, usually in combination with new residential units. Whilst this has provided some modern stock, this has often not proved popular with occupiers for a number of reasons:
- a where units have been provided at the rear of a development, there is very poor market visibility and often difficult road access;
 - b restrictive operating hours and/or conflicts with residential amenity; and
 - c occupiers preferring to locate in a commercial area with other businesses close to them.

Gaps in Provision

- 4.39 Agents perceived that most types of property demand are provided for within Merton. However, there are some property types in shorter supply where it can be difficult to meet the requirements of occupiers, as mentioned above. In summary, a greater supply of the following property types would be desirable;
- a Some modern, larger floorplate offices in Wimbledon town centre;
 - b small, modern industrial units; and
 - c business incubation space aimed at very early-stage micro businesses.
- 4.40 No significant need for conference facilities was identified to support the local business sector.

Potential Future Growth

- 4.41 In terms of a likely future economic role for Merton and the scale of demand for commercial space in it, market views varied significantly according to location and type of stock. However, there were no particular factors (e.g. major transport improvements) identified by the market which were expected to cause a 'step-change' in the economic profile and prospects of the Borough over the next 10-11 years.
- 4.42 There were strong views that Wimbledon town centre could continue to develop its role as a significant office centre in outer South West London, building on its advantages in terms of connectivity and good housing stock, and its strong brand. Some agents expressed views that future demand could support a 50% increase in Wimbledon's current levels of office stock, although given its physical capacity this scale of increase could be difficult to achieve. The town centre could try to attract a more diverse business base by promoting larger floor-plate offices in order to accommodate larger back office and headquarters functions. However, there are doubts as to how successful this could be given the very competitive market for such large Outer London business occupiers, and the large amounts of low cost floorspace currently available in Hammersmith and Croydon. As a result, Wimbledon's niche is likely to remain as a location for higher value, small and medium sized corporate functions and professional firms which require good transport links, access to a highly skilled workforce and a good local environment.
- 4.43 The rest of Merton, and particularly the 'Greater Wimbledon' area, is seen as likely to continue to be an attractive location for small-scale office enterprises who do not need, or cannot afford a town centre location. This is particularly the case for creative sector enterprises, which have been identified as a key growth sector in the Economic Development Strategy and who often set-up in the area as a result of the presence of Wimbledon College of Art and the generally attractive living environment.
- 4.44 Views about the future of the industrial property market were mixed. There were some views that, if more modern industrial stock could be developed, then Merton was likely to remain an important centre for both manufacturing

and storage based industries. There was general agreement that Merton should more actively encourage redevelopment or upgrading of older life-expired stock through formal policy support, use of L B Merton's land holdings (potentially in joint ventures with developers) and through discussions with major landlords. However, doubts were expressed about how realistic it is to expect much new industrial development in the Borough given the on-going market pressure from both residential and retail uses on industrial land, and from competing areas. In any case, the most optimistic view was that Merton could maintain, rather than expand its industrial role, but this sector would not necessarily need to lose more land.

- 4.45 Although not an area of demand specifically identified by the property market, there have been significant numbers of applications for waste management related activities in the Borough in recent years. This appears likely to be a growth area within London and Merton has some advantages given its established cluster of such firms and significant industrial sites.

Conclusions

- 4.46 Office demand levels have been steady in recent years with the great majority of demand being focussed on Wimbledon town centre, which has attracted a range of higher value back office and headquarters functions. However, there is a lack of larger floor-plate offices which forces some larger firms to take space in several buildings. However, office demand and developer interest in the other town centres is low, mainly due to lack of established office markets there along with poorer image, range of services and environments.
- 4.47 There is moderate demand for other small-scale office premises in the rest of the Borough, particularly from the creative sector, and mostly within the 'Greater Wimbledon' area. However, small scattered sites under 1 ha can be difficult to develop viably and are less likely to attract speculative schemes.
- 4.48 Demand for industrial premises has been fairly low in recent years, primarily as a result of a lack of modern premises, with much of the stock on the main industrial estates approaching the end of its useful life. This is particularly the case for many of the Borough's small scattered sites. However, there is reasonable demand for small, modern units with good parking and high eaves heights but larger industrial units are often difficult to let. However, industrial vacancy is fairly low and many agents/firms report a lack of availability of suitable premises within the Borough. Most demand is for smaller industrial units and is almost exclusively from local firms.
- 4.49 There has been very limited interest historically for large-scale distribution activities within Merton and other locations with better strategic access and availability of larger sites are likely to continue to be more obvious locations for distribution activities.
- 4.50 Merton currently has a fairly wide range of workspace for small firms including managed workspace for both office and industrial occupiers. However, there is

relatively little provision of incubation space, especially for very early stage start-ups.

4.51

The future growth prospects for Wimbledon town centre were seen as being broadly positive, with the potential for significant expansion of the office stock if suitable development sites could be found. However, there were more mixed views on the industrial future of the Borough, with Merton seen as unlikely to be able to retain its industrial base unless it can deliver a significant improvement in the quality of its stock.

Implications for the Study

- a) Office demand in Merton is moderate but steady.
- b) Wimbledon is the major office centre within Merton and likely to be the focus for most future demand with potential demand growth of 50% seen by the market.
- c) Office demand is very low in the other Merton town centres.
- d) Industrial demand is low but supply remains fairly tight.
- e) Industrial property demand suffers from lower quality stock and less good road access than some competing areas, with most demand for distribution rather than manufacturing space.
- f) There has been significant pressure on industrial land for waste management related activities in recent years.
- g) Particular gaps in the market are larger floorplate offices and small, modern industrial units.
- h) No factors were identified that are likely to produce a step change in future demand levels.

5.0 Qualitative Appraisal of Existing sites

- 5.1 This section assesses the characteristics and quality of a number of existing employment sites in Merton and their suitability to meet future employment development needs. Locations of these sites are shown in Plan 5.1. A total of 150 employment sites were assessed. These sites comprised 16 Strategically or Locally Significant Employment sites and a sample of 133 other small scattered sites. The majority of these sites have been developed.
- 5.2 It needs to be emphasised that, although this study has assessed the suitability of sites for different uses in physical and market terms, it does not imply that such uses would necessarily be acceptable on such sites in terms of national, regional or local policy and guidance.
- 5.3 It is also important to note that this assessment did not cover every employment site in the Borough, many having been assessed in other recent surveys by L B Merton. For example, some of the Borough's smaller industrial estates which were assessed by the 2005 Merton Employment Land Study and large office developments in Wimbledon town centre were not reviewed by this study. There are also some 450 scattered sites in the Borough so that only about one third of them were examined here. The sites assessed in this study were selected to obtain a broadly representative sample of the scattered sites.
- 5.4 An assessment was made on each site's suitability for employment use, against the criteria listed below, which reflect those in the ODPM and more recent South East England Partnership Board (SEEPB) Guidance on Employment Land Reviews:
- a strategic road access and local road access;
 - b accessibility to public transport and services (using Public Transport Accessibility Level or PTAL scores);
 - c adjoining uses that might constrain employment uses;
 - d site size, characteristics and potential development constraints; and
 - e attractiveness to the market, including vacancy and market activity.
- 5.5 Other factors were also noted including the site's suitability for specific uses, any barriers to the delivery of undeveloped sites for employment uses, sequential preference factors where relevant and the site's contribution to L B Merton's Economic Strategy. This assessment also drew on other information available from L B Merton, including its 2009 survey of employment premises. Appendix 4 lists the assessment criteria and factors used to assess sites. Individual site assessments along with a location plan for these sites are contained in Appendix 5.
- 5.6 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 local needs or providing a location for bad neighbour uses can be reasons for retaining a site despite it recording a

low ranking. In addition, not all businesses require a site which performs well on all these assessment criteria. For example, some small office uses will not require good strategic road access. A broader commentary is therefore provided on each site to supplement the formal scoring exercise.

- 5.7 Following this assessment process, sites were ranked by their scores and then categorised as “good”, “average” or “lower quality” in terms of their inherent qualities and suitability to accommodate employment generating uses. In this process, market and other views of a site were also taken into account where available.
- 5.8 The following sections summarise the results of the site appraisals within each of the Borough’s three main sub-areas – Greater Wimbledon (including Raynes Park and Colliers Wood), Morden, and Mitcham/East Merton.
- 5.9 Given the large number of sites which have been assessed by this study, it is not practical to provide a detailed commentary on every site in this section of the report. Many of these sites are operating adequately in their current use and no specific intervention or recommendation needs to be made for them. This section therefore provides a brief overview of the relative amounts of good, average and lower quality sites in each sub-area. More detailed comments are provided in Appendix 6 on the larger Strategically or Local Significant sites and the lower quality scattered quality sites, where there may be potential for release to other uses in some cases.

Greater Wimbledon Area

- 5.10 The various sites assessed in this sub-area include 11 larger, Strategically or Locally Significant Employment sites²⁰ with a total site area of just over 96 ha and 60 small scattered sites with a combined site area of 5.9 ha.

Table 5.1 Qualitative Assessment of Existing Employment Sites in Wimbledon Area

Site No	Site Name	Current Use	Size (ha)	Potential Uses	Score (out of 30)	Rank
S113	7 Francis Grove, SW19 4DW	B1	0.004	B1	27	Good Quality
S27	Cavendish House, Cavendish Avenue, New Malden, KT3 6QQ	B1	0.04	B1a	25	
S81	265 Burlington Road, New Malden, KT3 4NE	B1	0.6	B1a or health/community	25	
S115	Integra House, Alexandra Road, SW19 7JY	B1	0.055	B1	25	
S1	264 Burlington Road, New Malden, KT3 4NN	B1	0.1	B1a/b/c	24	
E12	Burlington Road B Industrial Area	B1, B2, B8, A1	4.36	B1, B2, B8	24	
S80	251-259 Burlington Road, New Malden, KT3 4NE	B1, B2, A2, D1	0.2	B1, A2	23	
S130	6-10 St Georges Road, SW19 4UA	B1	0.15	B1	23	

²⁰ Durnsford Road A and B areas are counted as one site

Site No	Site Name	Current Use	Size (ha)	Potential Uses	Score (out of 30)
E13	Malden Way Industrial Area	B1	0.85	B1	23
S32	24 Kings Road, SW19 8QN	B1	0.063	B1a	23
E16	Rainbow Industrial Estate	B1, B2, B8	2.5	B1, B2, B8	23
S33	8 Burgess Mews, SW19 1ES	B1	0.1	B1a/b/c	22
S125	66-67 Alwyne Road, SW19 7AE (445)	Vacant	0.007	B1	22
E5B	Durnsford Road B Industrial Area	B1, B2, B8	18.77	B1, B2, B8	21
E11	Burlington Road A Industrial Area	B1, B2, B8, A1, D1	2.5	B1, B2, B8, A1, A2	21
E14	Bushey Road Industrial Area	B1, B2, B8, A1	3.69	B1, B2, B8	21
S29	Thornton House, Thornton Road, SW19 4NG	B1	0.08	B1a/b	21
S30	Faraday House, 30 Thornton Road, SW19 4NQ	B1	0.03	B1a/b	21
S34	89B Quicks Road, SW19 1EX	B1	0.044	B1 or community /	21
S131	19 Thornton Road, SW19 4NG	B1	0.08	B1	21
E1	Morden (South Wimbledon) Industrial Area	B1, B2, B8, Bulky retail	34.2	B1, B2, B8	20
S79	245-249 Burlington Road, New Malden, KT3 4NE	B1, B2	0.4	B1, B2, B8	20
S37	337-339 Haydons Road, SW19 8LA	Sui Generis	0.024	A2, A1, B1	20
S45	163-171 Haydons Road, SW19 8TB	B1, B2	0.062	B1, B2, B8	20
S51	2A Strathmore Road, SW19 8DB	Vacant B1	0.01	B1a	20
S52	Studio 1, 373B Durnsford Road, SW19 8EF	B1	0.02	B1a/b/c	20
S53	383 Durnsford Road, SW19 8EF	B1	0.006	GF: B1, A1, A2 & 1 st :	20
S54	Woodman Works, 204 Durnsford Road, SW19 8DR	B1, B2	0.2	B1, B2	20
S55	Haslemere Industrial Estate, 20 Ravensbury Terrace, SW18 4HS	B8	0.2	B1c, B2, B8	20
S56	J Blake & Co, Ravensbury Terrace, SW18 4HS	B1	0.06	B1a/c, B2, B8	20
S91	Alpha House, Durnsford Road, SW19 8HQ (142)	B2, B8	0.39	B1, B2, B8	20
S116	Wellington Works, Wellington Road, SW19 8EQ (434)	B1/B8	0.7	B1,B2, B8	20
S117	15-21 York Road, SW19 8TP (435)	B1	0.1	B1	20
S120	209 Merton Road, SW19	B1	0.008	B1, A2	20
S2	Albany House, 300 Burlington Road, New Malden, KT3 4NH	Sui Generis	0.087	B1, B2	19
S49	50A West Barnes Lane, New Malden, KT3 4PS	B2	0.06	B1, B2, B8	19
E5A	Durnsford Road A Industrial Area	B2, B8	2.26	B1, B2, B8	19
E10	Dundonald Road Industrial Area	B1, B2, B8	4.55	B1, B2, B8	19
S22	492 Kingston Road, SW20 8DX	Vacant A1, B1	0.01	B1, sui generis, A1	19

Average Quality

Site No	Site Name	Current Use	Size (ha)	Potential Uses	Score (out of 30)
S31	49 Merton Hall Road, SW19 3PR	B1	0.04	B1, residential, education, hotel	19
S38	272 Haydons Road, SW19 8TT	Vacant B1	0.004	GF: B1, A1, A2 & 1 st :	19
S39	270 Haydons Road, SW19 8TT	B1	0.004	GF: B1, A1, A2 & 1 st :	19
S57	27 Denison Road, SW19 2DJ	B1, B2	0.005	B1a, B1c	19
S82	11 Berkeley Place, SW19 4NN (2)	B1	0.001	B1, residential	19
S124	1A Cowper Road, SW19 1AA (443)	B1, B8	0.068	B1, B2, B8	19
E3	Prince George's Road Industrial Area	B1, B2, B8, A1	6.09	B1, B2, B8	18
E6	Plough Lane Industrial Area	B1, B2, B8, Bulky Retail	14.47	B1, B2, B8	18
S21	Front Warehouse, 424/426 Kingston Road, SW20 8DA	B1, B8	0.023	B1c, B8	18
S28	R/O 274 Burlington Road, New Malden	Unknown	0.01	B1c	18
S50	Adj. 8 Barnard Gardens, New Malden, KT3 6QG	Unknown	0.08	B1a/b	18
S61	40 Fortescue Road, SW19 2EB	B2	0.03	B1	18
S62	1 Deburgh Road, SW19 1DX	B1, B2	0.04	B1a/c	18
S90	46-76 Summerstown, SW17 0BH (123)	B2, B8	0.15	B2, B8	18
E4	Gap Road Industrial Area	B1, B2, B8	2.25	B1, B2, B8	17
S20	2-4 Quintin Avenue, SW20 8LD	Vacant	0.05	B1 or residential	17
S25	14 Seaforth Avenue, New Malden, KT3 6JP	B1	0.06	B1	17
S26	R/O 6-8 Seaforth Avenue, New Malden, KT3 6JP	B1, B2	0.03	B1	17
S40	1 Caxton Road, SW19 8SJ	Vacant B2	0.052	B1, B2, B8	17
S41	90 Garfield Road, SW19 8SB	B2	0.05	B1, B2	17
S43	R/O 1-9 Tennyson Road, SW19 8SH	B2	0.114	B1, B2	17
S132	22-24 Caxton Road, SW19 8SJ	B1	0.14	B1, B2	17
S114	Elm Grove Business Centre, SW19 4HZ (432)	B1, B2, B8	0.5	B1, B2, B8	17
S24	358B Grand Drive, London	B8	0.124	B8, B1c	16
S42	R/O 37 Dryden Road, SW19 8SQ	B8	0.052	B1, B2 or residential	15
S44	R/O 173 Haydon's Road, SW19 8TB	B1, B2	0.007	B1a/c	15
S64	Unit 4, R/O 37 Briscoe Road, SW19 2AH	B2	0.02	B1, B2	15
S23	R/O 49-51 Firstway, SW20 0JD	Unknown	0.12	Residential	14
S36	Adj. 1 Bridge Villas, Ashcombe Road, SW19 8JP	Vacant Plot	0.028	B1 or residential	14
S60	R/O 98 Robinson Road, SW17 9DR	B2	0.05	B1	14
S63	Unit 3, 2 East Road, SW19 1UW	B1	0.01	B1a/b/c, B2	14
S35	145 Effra Road, SW19 8PU	Vacant B2	0.14	Residential	12
	Total	71 sites	102.38		

Poor

Note: All proposals for development on these sites, including live-work development, would need to meet national, regional and local policy requirements.

Strategically and Locally Significant Sites

- 5.11 All the 11 Strategically or Locally Significant sites in this area were assessed as good or average quality. Six of these sites ranked as 'good quality', five of which were located in the West Barnes/Raynes Park area and scored well largely due to their excellent strategic road access and proximity to a large range of local services and facilities. The factors underlying these "good quality" assessments are summarised in Appendix 6.
- 5.12 Overall, all the Strategically or Locally Significant sites in Greater Wimbledon perform well or reasonably well and justify retention.

Scattered Sites

- 5.13 Of the 60 scattered sites assessed in Greater Wimbledon, 15 (or 25%) were categorised as good quality sites, which should be retained for their current or similar uses, and where no actions or interventions are likely to be needed. In general in this area, such sites performed well due to reasonable road access, few incompatible adjoining uses for the site's current use and good quality, modern premises in a reasonable environment. This was typically indicated by high occupancy of premises. This sub-area had a higher proportion of sites in the good quality category than Morden and Mitcham.
- 5.14 This category included examples of particularly good quality sites such as:
- the development of small, modern office units at Burgess Mews (S33);
 - Thornton House, a modern 3 storey development of small B1 units in a residential area (S29);
 - good quality office developments on Burlington Road, including No. 230, 264 and 265 Burlington Road (S1, S88) and Cavendish House (S27);
 - town centre offices at 6-10 St Georges Road (S130), 138 Alexandra Road (S115) and 7 Francis Grove (S113).
- 5.15 There were also a range of fairly average quality sites and premises, 37 in total in this area. However, many of these sites failed to achieve a good quality rating due to deficiencies in only one or two factors. For example, well occupied sites with premises in good condition sometimes had poor road access and vice versa. A number of sites, including some existing industrial areas, performed less well due to development and environmental constraints, for example being within Flood Zone 2 or 3 and/or adjacent to a nature conservation site or similar conflicting land use, although such factors do not necessarily affect the ability of firms to operate on such sites.
- 5.16 Some sites at the higher end of the average quality range included:
- Albany House at 300 Burlington Road (S2), which benefited from its location in close proximity to a wide range of local services and facilities and its accessibility to the strategic road network.

- Sites on Haydons Road such as Nos. 337-339 (S37) and Nos. 163-171 (S45) scored highly across all categories but lost ranking on relatively poor access to the strategic road network.
- Both Woodman Works on Durnsford Road (S54) and the Haslemere Industrial Estate on Ravensbury Terrace (S55) scored well across all categories and both contribute to the strong employment hub in the north of the borough.

5.17 Looking specifically at the 8 sites which were assessed as of lower quality, these tended to have very poor access, often within narrow, heavily parked residential roads. Many are closely adjoined by other uses, mainly residential, that are more likely to be incompatible with the site's current or likely use. Some are very small, irregular shaped sites that are difficult to develop. Often these sites are vacant or with low occupancy or in low value uses. Appendix 6 provides more detailed analysis of these sites.

Morden Sub-area

5.18 Within this sub-area, there were 2 larger Locally Significant Employment sites with a total site area of some 11.9 ha and 34 small scattered sites were assessed with a combined site area of only 1.37 ha. Table 5.2 below summarises the rankings of the various sites assessed in this sub-area.

Table 5.2 Qualitative Assessment of Existing Employment Sites in Morden Area

Site No	Site Name	Current Use	Size (ha)	Potential Uses	Score (out of 30)	Rank
S110	230 Burlington Road, KT3 4NN	B1	0.05	B1	26	Good
S85	Rutlish Autocare Centre, SW19 3AL	Car repair	0.036	B1, B2, B8	24	
S92	17 Rodney Place, SW19 2LQ	B1	0.02	B1, B8	23	
S105	120 London Road, SM4 5AT	B1, A1	0.0075	B1, A1	22	
S89	171-173 Gladstone Road, SW19 1QS	Offices	0.007	B1	21	
S122	110-112 Morden Road, SW19 3BP	B1	0.001	B1, A1, A2, A3	21	
S86	183 Kingston Road, SW19 1LH	office	0.008	B1, A1, A2, A3	21	
S87	159 Kingston Road, SW19 1LJ	Office	0.006	B1, A1, A2, A3	21	
S98	170 Merton High Street, SW19 1AY	B1	0.001	B1, A1, A2, A3	21	
S99	178 Merton High Street, SW19 1AY	A1	0.006	A1, A2, A3	21	
S83	The Old Bakery, 2D Edna Road, SW20 8BS	B1	0.01	B1, C3	20	Average
S100	Trex Import, 101 Hamilton Road, SW19 1JG	B1	0.025	B1, mixed use	20	
S120	209 Merton Road, SW19 1EE	B1	0.008	B1, A2	20	
E2	Nelson Trading Estate	B1, B2, B8, Bulky Retail	2.37	B1, B2, B8	19	
S101	Unit 21 Crown Lane, SM4 5BY	B8, C3, D1	0.02	B1, Community	19	

Site No	Site Name	Current Use	Size (ha)	Potential Uses	Score (out of 30)	
S121	Brookfarm House, SW19 2LP	B1	0.02	B1	19	Average
S84	58 & Rear of 60 Durham Road, SW20 0TW	B1	0.03	B1, A1, A2, A3	19	
S123	Shannon Corner Service Centre, 208-212 Burlington Road, KT3 4NP	Car Repair	0.05	B1	19	
S104	Dean Auto Exchange, 166-168 London Road, SM4 5AT (356)	B1	0.1	B1	19	
S88	169 Gladstone Road, SW19 1QS	Car Repair	0.07	B1, B2, B8	19	
S5	R/O 75-77 Canterbury Road, Morden, SM4 6QW	B1	0.06	B1a/b/c	18	
S109	Baltimore House, SW19 1SP (390)	B1	0.004	B1, community, residential	18	
S119	28-30 West Barnes Lane, SW20 0BP	B1	0.03	B1	18	
S103	16-18 Buckfast Road, SM4 5LY	B1	0.01	B1	18	
S118	34-36 West Barnes Lane, SW20 0BP	B2, B8	0.02	B2, B8	18	
S6	Central Works, R/O 48 Central Road, Morden, SM4 5RT	B2	0.04	B1c, B2	17	
S111	135 Garth Road, SM4 4LF	B1, B8	0.14	B1, B8	17	
S128	Autotunes Garage, Littlers Close, SW19 2RA	B1	0.008	B1	17	
E15	Garth Road Industrial Area	B1, B2, B8	9.57	B1, B2, B8	16	
S3	PT 1st Fl, 141 Garth Road, Morden, SM4 4LG	B1, B2	0.3	B1, B2, B8	16	
S4	124 Middleton Road, Morden, SM4 6RP	B1	0.17	B1a/b	16	
S129	197 London Road, SM4 5TT	B1	0.02	B1	16	
S96	43-45 Palestine Grove, SW19 2QN	B2, B8	0.016	B2, B8	16	
S102	13 Crown Lane, SM4 5BY	B8	0.05	B8, residential	15	Poor
S18	R/O 236 Central Road, Morden, SM4 5RT	Unknown	0.016	B1c, B2 or residential	14	
S19	227 Central Road, Morden, SM4 5SP	Vacant	0.01	B1b/c or residential	14	
	Total	36 sites	13.31			

Note: Any proposals for development on these sites, including live-work developments, would need to meet national, regional and local policy requirements.

Strategically and Locally Significant Sites

- 5.19 The two Locally Significant sites within the Morden area – Garth Road and Nelson Trading Estate - ranked as ‘average quality’ within the site assessment, largely due to incompatible adjoining uses and less good strategic or local road access.

Scattered Sites

- 5.20 Among the 34 scattered sites assessed in the Morden area, 10 (or 29%) were categorised as good quality sites, which ought to be retained in their current or

similar uses, and where no actions or interventions are likely to be needed. As elsewhere in the Borough, in this area such sites performed well due to reasonable road access, few incompatible adjoining uses for the site's current use and good quality, modern premises in a reasonable environment. This group included sites of particularly good quality such as:

- Britannic House, 230 Burlington Road, New Malden, a reasonably modern office block located near the A3 and with good public transport links (S110);
- 183 Kingston Road, a small office unit in older premises but benefiting from good road, public transport and services accessibility (S86).

5.21 There were also a variety of average quality sites and premises, 21 or 60% of the total number in this area. Such sites differed greatly on individual assessment factors, with several otherwise good quality employment sites ranking lower than might be expected due to having poor strategic access or conflicting adjoining uses. As with the average quality sites in Greater Wimbledon, it is important to look at the individual site assessment factors in this category to understand the reasons for the lower ranking.

5.22 Some examples of sites at the higher end of the average quality range included small office premises on the Trex Import site at 101 Hamilton Road (S100) and 170, 178 and 209 Merton Road (S98, S99, S120). These are older premises which have moderate road access but benefit from nearness to town centre facilities and no incompatible uses and so are reasonably fit for their current purpose.

5.23 With regard to the 3 scattered sites which were assessed as being of lower quality, these sites were more likely to suffer from poor quality units and unattractive environments than those in the Greater Wimbledon area. Sites in this category usually had poor access, either strategic or local and often conflict with surrounding uses. Only one was vacant and most sites within this category would be difficult to develop for employment purposes, outside their current use. The characteristics of individual sites are considered in more detail in Appendix 6.

5.24 Overall, most scattered sites in the Morden area fall into the average quality range but with very few offering potential for release to other uses.

Mitcham & East Merton Area

5.25 In this sub-area, three larger Strategically or Locally Significant Employment sites were examined with a total site area of 57.4 ha and 40 small scattered sites with a combined site area of only 2.37 ha.

5.26 Table 5.3 below summarises the rankings of the various sites assessed in this sub-area.

Table 5.3 Qualitative Assessment of Existing Employment Sites in Mitcham

Id No	Site Name	Current Use	Size (ha)	Potential Uses	Score (out of 30)	Rank
S69	326 London Road, Mitcham, CR4 3ND	Community Hall	0.1	Community or B1a	23	Good
S7	341 London Road, Mitcham, CR4 4BE	B1	0.2	B1a	22	
S76	223 Streatham Road, Mitcham, CR4 2AJ	Sui Generis	0.1	B1a	21	
S126	Dover House, 141 Morden Road, CR4 4D	B1, B8	0.18	B1, B8	21	
S112	303-305 Mitcham Road, SW17 9JQ	B1	0.02	B1	21	
S46	8-10 The Cricket Green, Mitcham, CR4 4LA	B1	0.03	B1	20	
S9	358-364 London Road, Mitcham, CR4 3ND	B2	0.1	B1, B2, B8	20	
S12	Commonside Business Centre, 1 Commonside West, CR4 4HA	B1	0.012	B1, B2	20	
S70	149 Streatham Road, Mitcham, CR4 2AG	B1	0.01	GF - B1, A1, A2; B1/residential 1 st fl	20	
S75	186-190 Streatham Rd, Mitcham, CR4 2AF	B1, A2	0.04	GF - B1, A1, A2; B1/residential 1 st fl	20	
S77	Adj. 37 Streatham Road, Mitcham, CR4 2AD	B1	0.05	GF - B1, A1, A2; B1/residential 1 st	20	
S78	29 Streatham Road, Mitcham, CR4 2AD	Sui Generis	0.06	B1c, B2	20	
S67	392 London Road, Mitcham, CR4 4EA	B1	0.01	GF - B1, A1, A2; B1/residential 1 st fl	20	
S66	370-374 London Road, Mitcham, CR4 4AE	B1	0.04	B1	19	
S15	Wandle House, 10 Riverside Drive, Mitcham, CR4 4BU	B1, D1	0.16	B1a or hotel / residential	19	
S68	390 London Road, Mitcham, CR4 4EA	B1	0.008	GF - B1, A1, A2; B1/residential 1 st fl	19	
E9	Streatham Road Industrial Area	B1, B2, B8	5.92	B1c, B2	18	
S8	Unit 1, 339 London Road, Mitcham, CR4 4BE	B2	0.05	B1, B2, B8	18	
S13	159 Commonside East, Mitcham, CR4 2QB	B2	0.1	B2, B1c	18	
S58	17A Seely Road, London, SW17 9QP	B1, B2	0.1	B1a/b;	18	
S65	Adj. 472 London Road, Mitcham, CR4 4ED	Sui Generis	0.04	B1, B2	18	
S71	175A Streatham Road, Mitcham, CR4 2AG	B1, B2	0.02	B1a/c; A1/A2 (GF)	18	
S73	R/O 199 Streatham Road, Mitcham, CR4 2AJ	Unknown	0.4	B1c	18	
S74	R/O 187 Streatham Road, Mitcham, CR4 2AG	Unknown	0.01	B1c	18	
S133	60 The Cricket Green, Mitcham, CR4 4LA	B1	0.0062	B1, B2	17	
E7	Willow Lane Industrial Area	B1, B2, B8	43.84	B1, B2, B8	17	
E8	Hallowfield Industrial Area	B1, B2, B8	7.64	B1, B2, B8	17	
S17	245-249 Church Road, Mitcham, CR4 3BH	Vacant B2, B8	0.01	B1, B2, B8	17	
S48	201A Streatham Road, Mitcham, CR4 2AJ	Unknown	0.006	B1c	17	

Id No	Site Name	Current Use	Size (ha)	Potential Uses	Score (out of 30)		
S16	32 Eveline Road, Mitcham, CR4 3LE	B1, B2	0.16	B1a/b/c, B2	16	Poor	
S14	339 Tamworth Lane, Mitcham, CR4 1DL	Sui Generis	0.061	B1c	16		
S11	2A Langdale Avenue, Mitcham, CR4 4AE	B2	0.03	B1c, B2	15	Poor	
S72	R/o 193-195 Streatham Rd, Mitcham, CR4 2AJ	B2	0.03	B1b/c, B2	15		
S107	Suite B, 60 Church Road, CR4 3BU	B1, C3	0.008	B1, C3	15		
S108	Alpine Works, Halowell Close, CR4 2QD	B1, B2	0.025	B1	15		
S10	106 Hill Road, Mitcham, CR4 2HR	B2	0.02	B1, B2 or residential	14		
S59	50 Deal Road, London, SW17 9JW	B2	0.005	B1, small scale B2	14		
S97	133 Rowan Road, SW16 5HU	B1 / Community	0.006	B1	14		
S93	Blenheim Business Centre, CR4 2JX	B1	0.12	B1, D1	14		
S106	1-4 Lower Green West, CR4 3AF	B1	0.008	B1, B2,	14		
S95	55-57 Manor Road, CR4 1JJ	B1	0.007	B1, A1, residential	13		
S94	1A Garden Avenue, CR4 2EE	B1, B2	0.01	B1, B8	13		
S47	Store & Yard, Blake Road, Mitcham, CR4 3DG	B8	0.009	B1c or residential	11		
S127	5 Rowan Road, SW16 5JF	Sui Generis	0.007	B1, B2	11		
	Total	44 sites	59.77				

Note: Any proposals for development on these sites, including live-work development, would need to meet national, regional and local policy requirements.

Strategically and Locally Significant Sites

- 5.27 The 3 Strategically or Locally Significant sites within the Mitcham and East Merton area ranked as 'average quality' within the site assessment, largely due to these estates having either poor compatibility with adjoining uses or a series of environmental or development constraints.

Scattered Sites

- 5.28 Among the 41 scattered sites in this sub-area, 5 were categorised as good quality sites, where it is likely that no interventions should be needed and the sites can usually be retained in their current or similar uses. Generally, sites in this area scored highly mainly due to good road access, both strategic and local, the lack of incompatible adjoining uses and having reasonably high quality, modern premises in a reasonable environment. This was typically indicated by high occupancy of premises. There were clearly much fewer good sites in this sub-area than in Wimbledon and the better sites here were often less good quality than in the latter area. However, there are a number of fairly good sites such as:

- the Community Hall adjacent to Cricket Green at 326 London Road, a good quality, period building with good transport access and access to services (S69);
- 341 London Road, a reasonably modern, purpose built small office block with good access to public transport and services (S7);
- Dover House, an office and storage development on Morden Road with good road access (S126).

5.29 There were also a range of fairly average quality sites and premises, 23 sites or 56% of the total in this area. As with similarly scoring sites within Greater Wimbledon and Morden, sites ranked in this category tend to differ as to whether they receive average scores across the various assessment criteria or perform poorly on one criterion, such as access or development constraints, reducing the site's overall score. It is important to look at the individual site assessments for sites in this category to understand the overall ranking level.

5.30 Some sites at the higher end of the average quality range included:

- the Commonsides Business Centre is a high quality, though older, office building situated in an attractive environment adjacent to Mitcham Common (S12);
- Wandle House on 10 Riverside Drive is a mixed use building, which includes educational uses. The site suffers from poor strategic accessibility and a number of environmental constraints related to the River Wandle (S15);
- 358-364 (S9) and 370-374 London Road (S66) are adjoining sites which score highly across all assessment criteria except strategic road access, a factor often less important for small firms.

5.31 This sub-area had a higher proportion of lower quality sites (32% of the total) than other areas, although only 13 in total. As with those in the Greater Wimbledon and Morden areas, these sites tend to suffer from poor road access and typically comprise small, irregular shaped sites that would be difficult to develop. The lower quality sites within the Mitcham and East Merton area also tended to be located within predominantly residential areas, often as back land development or to the rear of a residential dwelling. These deficiencies are considered in more detail in Appendix 6.

Undeveloped/Developable Land

5.32 The site assessment process identified very small amounts of land which was vacant, undeveloped or with obvious and immediate redevelopment potential.

5.33 There were very few undeveloped plots remaining within the Allocated sites, including two 0.5 ha vacant plots on the Morden Industrial Estate, and a site on Burlington Road industrial area. These amounted to less than 2 ha of land in total.

- 5.34 Across the scattered sites, only 6 sites were identified which could provide any immediately developable land. These were:
- 66-67 Alywne Road, SW19 7AE (S125)
 - R/O 236 Central Road, SM4 5RT (S18)
 - 227 Central Road, SM4 5SP (S19)
 - 370-374 London Road, CR4 4AE (S66)
 - 40 Fortescue Road, SW19 1DX (S61)
 - Land Adjacent to 1 Bridge Villas, Ashcombe Road, SW19 8JP (S36)
- 5.35 The total amount of undeveloped land available from above sites was only 0.2 ha.
- 5.36 Although not assessed by this study, it is understood from L B Merton that a further 16 Allocated Undeveloped sites exist which could potentially provide up to 9.7 ha of development land. Most of these are within Merton's town centres of Wimbledon (5 sites), Morden (1 site), Mitcham (6 sites) and Colliers Wood (4 sites). However, not all of these sites would necessarily be available for employment development, with town centre sites likely to accommodate mixed use, retail or leisure schemes. These are considered further in Section 9.

Conclusions

- 5.37 The study assessed 16 Strategically or Locally Significant Employment sites, primarily medium and large sized industrial estates, which together account for slightly under 166 ha of land.²¹ Six of these sites are of good quality, the remaining 11 of average quality, with none unsuitable for continuing employment uses.
- 5.38 Some 133 scattered employment sites were assessed by this study and account for 9.63 ha of employment land in total. This was a representative sample of all Merton's scattered sites, perhaps one third of the total number.
- 5.39 Only 30 of the 133 scattered sites assessed (22%) were categorised as good quality; most of these were in the Greater Wimbledon area. These sites were suitable for their current uses as well as other (mainly B class) employment generating uses without any need for intervention.
- 5.40 Most of the scattered sites (81 sites or 60% of the sample) were assessed as of average quality. These sites do not provide particularly good quality employment premises but are largely occupied and appear adequate for continued economic use, and appear to meet local needs.
- 5.41 Only 24 of the scattered sites (18%) were considered to be of lower quality, often suffering from poor road access, constraints from immediately adjoining uses, very small site areas that are difficult to develop or generally poor

²¹ This figure is similar to the 161.7 ha recorded for Strategic and Locally Significant Sites in London's Industrial Land Baseline, June 2010, with the difference probably reflecting measurement areas for individual sites.

conditions and local environment. However, most of these are occupied and appear to serve a local need for lower cost employment uses and most do not justify release to non economic uses, such as residential.

- 5.42 Some small sites can perform poorly against the criteria used in this study because of low profile, poor appearance of units or isolation from strategic roads, for example, which are not necessarily important for all firms, and does not mean that such sites are not meeting some local needs. Sites that meet specific economic needs or are well occupied are strong candidates to be retained. Only when a site has a combination of serious adverse environmental impacts from its operation, is inherently unlikely to be able to perform an employment role or attract new employment development in future or has high and/or long term vacancy, should release to non-employment uses be considered.
- 5.43 In this context, there were only four scattered sites which were unoccupied and where the extent of constraints to new employment development or re-occupation by employment generating uses suggested potential for residential use at least in the longer term. These include:
- S35 - 145 Effra Road, Wimbledon (0.14 ha);
 - S23 - 49-51 Firstway (0.12 ha);
 - S36 - 1 Bridge Villas, Ashcombe Road (0.03 ha);
 - S72 - 193-195 Streatham Road (0.03 ha).
- 5.44 On the basis of the above review, most of the scattered sites offer reasonable provision for continuing employment generating uses in the short to medium term, and hence do not offer many opportunities for providing residential development. However, it is difficult to see that many of these sites will be redeveloped or upgraded to provide more modern employment premises, partly because sites under 1 ha are often more difficult to support viable development schemes and partly because of pressures for higher value uses that could deter new investment. Over time, many are likely to become less viable as employment premises unless some form of intervention is undertaken or strong encouragement given to providing more modern space.

Implications for the Study

- a of the 16 Strategically or Locally Significant sites, with a combined 167 ha of land, six were of good quality and none was unsuitable for continuing employment use.
- b Over 80% of the small scattered sites were of good or average quality in terms of continued employment use of some type.
- c only 6 sites (0.2 ha) of undeveloped land was identified, the rest being fully developed.
- d only 4 sites were identified as unoccupied and unsuitable for employment use, with potential for release to other uses.
- e the housing contribution from unsuitable scattered sites appears likely to be small.
- f many small scattered sites appear unlikely to be redeveloped or upgraded for employment uses.

6.0 Future Requirements for B Class Employment Space

6.1 This section assesses the amounts of B class employment space likely to be needed in Merton up to 2021. The B class uses include the activities listed below.

B1	Business <ul style="list-style-type: none"> • Commercial offices other than in a use with Class A2 • Research and development - laboratories and studios • Light industry
B2	General Industrial <ul style="list-style-type: none"> • General industry (unless in B1)
B8	Storage or Distribution <ul style="list-style-type: none"> • Storage or distribution centres - wholesale warehouses, distribution centres and repositories

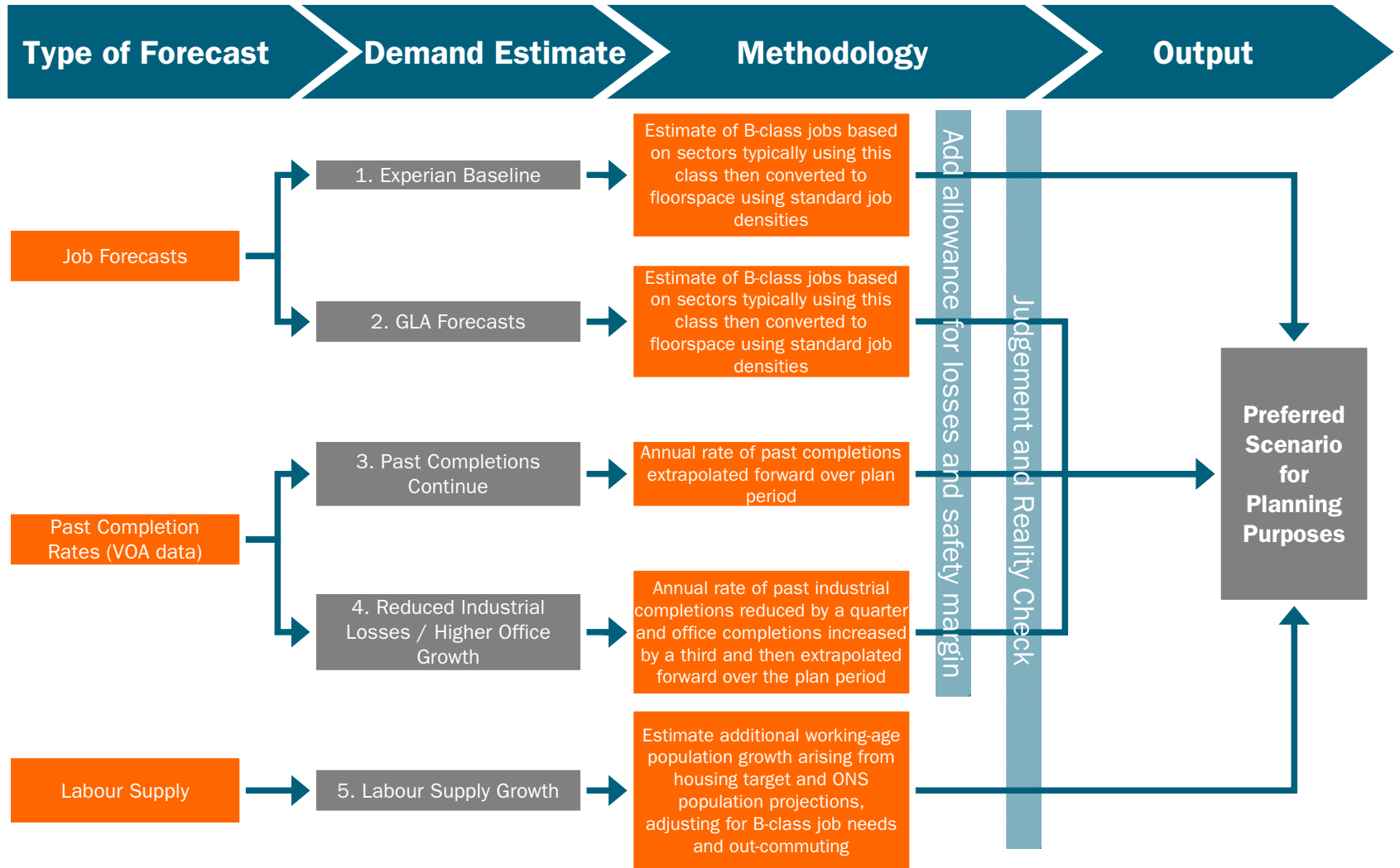
6.2 It is important to emphasise that the assessment of future needs in this Section does not take into account existing commitments and as such does not represent the amount of additional space required. The quantity of additional employment space and sites required, if any, is considered in Section 8.

6.3 The detailed approach to estimating future job growth and space requirements for these uses, and the various factors and assumptions included in this process, are set out in detail in Appendix 7 with the key elements outlined below. Figure 6.1 overleaf illustrates the overall approach used to estimate future requirements using different approaches.

6.4 To estimate the broad scale and type of space required for B class uses in the future, a number of different indicators and factors have been considered. The main approaches commonly used in assessing future employment land needs are based on:

- a forecasts of employment growth in the main B class sectors; in this study employment forecasts for L B Merton from Experian and from the GLA have been used;
- b consideration of past trends in completions of employment space, and how these might change in future; in this case, both VOA and L B Merton monitoring data on past completions of B class space have been used;
- c estimating future growth of local labour supply and the amount of jobs and employment space that this could support; in this case, the latest ONS Borough level population forecasts and London Plan housing targets for the Borough are used.

Figure 6.1 Methodology for Estimating Future Requirements for B Class Space



- 6.5 All these approaches have some limitations and careful thought needs to be given as to how appropriate each is to circumstances in Merton. In addition, to be robust, the economic growth potential and likely demand for employment space in Merton needs to be assessed under different future scenarios. Possible economic futures could range between recent trends continuing, lower economic growth than in the past to reflect the effects of the recent major recession and future public spending cuts, or a more optimistic view of the Merton and London economy based on strong recovery and growth over the long term.
- 6.6 As well as data on employment growth, labour supply or past completions, a range of other factors were considered which could affect future demand for employment space in Merton. These include:
- future national economic growth following severe recession;
 - the rate of formation of new businesses in the Borough;
 - the land needs of potential growth sectors in the Borough, as identified by the Merton Local Economic Assessment;
 - the need to replace employment space lost to other uses;
 - wider trends that could reduce amounts of employment space needed per worker, such as lower space standards, hot-desking and working from home;
 - competition for new investment from other parts of London;
- 6.7 Although some of these factors point different ways, most suggest a need for some additional employment space over the period to 2021. However, there is nothing to suggest a major step change in future employment space needs in Merton, but rather continued, fairly modest growth, particularly in the office based sectors, along with some further decline in industrial space needs.

Demand Estimates

- 6.8 Drawing together these various forecasts and consideration of future trends and other factors, four different estimates of future employment space demand have been developed, some also including different assumptions on future economic development levels in Merton. This is to identify the potential range of employment land needs against an uncertain economic future and to help understand the implications of different assumptions on future demand.

1. Experian Baseline Job Growth Estimate

- 6.9 This estimate is based on the baseline Experian employment forecasts and indicates a net increase of 42,900 m² of employment space being needed in future, made up of almost 64,000 m² of new office space offset by a large loss of industrial space. This estimate implies future office development rates much higher than achieved in Merton in recent years and, compared with the other approaches, the highest estimate for office space requirements. Because of

this and lower predicted losses of industrial space, this estimate results in the highest overall level of demand for employment space. It would reflect strong economic recovery and a fairly optimistic view of Merton's economy.

2. GLA Job Based Estimate

- 6.10 The GLA borough level employment forecasts provide an alternative, job based estimate of future needs, which is less optimistic in terms of office job growth and more pessimistic on industrial decline. As well as providing an estimate that should be consistent with other London boroughs, this could be considered to form a scenario that reflects slower economic recovery generally but no major slowing in the recent decline of the manufacturing sector in the Borough. This estimate produces a small net reduction in B class space overall (-5,600 m²); although almost 48,000 m² more office space is required, this would be significantly less than the Experian job based estimate.

3. Past Completions Continue

- 6.11 This estimate simply assumes that future development rates of employment space up to 2021 will be similar to those that have occurred in Merton over the last decade, with modest growth in office space and continuing high losses of industrial space. Given that past development rates were achieved in a relatively buoyant period of economic activity, this estimate could overestimate future demand given the current uncertain economic outlook. Also, lower residential development pressures in future, combined with strong protection policies on employment sites, could mean lower losses of industrial space than in the past. However, over a period of over 10 years, development rates could eventually return to past levels. Overall, this estimate would result in a need for much less B space than now, with very little new office space required.

4. Reduced Industrial Losses/Higher Office Growth

- 6.12 This demand estimate is also based broadly on past completion rates in the Borough, but with adjustments to reflect lower rates of decline in manufacturing activity and possibly higher future office demand than implied by long term completion rates. This reflects market and other consultees' views of Merton's potential and the future of the industrial sector within it.
- 6.13 To reflect such assumptions, the past annual completion rate of industrial losses was reduced by 25% and then projected forward to 2021. This assumes losses of industrial sites slowing as the number of remaining sites falls but also some improvement in manufacturing activity in line with greater national support for the sector. For offices, a rate of 2,000 m² p.a. is assumed, slightly above the higher annual net completion rate achieved between 2007-09 (1,500 m²) is assumed, on the basis that more office growth will be encouraged in outer London centres such as Wimbledon, which will also become more attractive to occupiers seeking lower costs than central London. It would also reflect economic aims for Merton that include encouraging knowledge-based and business service sectors. Overall, this estimate would mean a lower

decline in employment space needs and more office space (22,000 m²) than in Estimate 3: *Past Completions Continuing* but still well below the high positive amounts from the other estimates based on job forecasts

5. Labour Supply Growth

- 6.14 To provide a benchmark for comparison with these four demand estimates, the employment space requirement that would result from anticipated housing and population growth in Merton was estimated. Depending on the amount of future out-commuting from the Borough, housing growth could result in between 3,150 - 4,640 workers seeking B class employment in Merton. If, about 65% of these were seeking office jobs, the rest industrial jobs, providing just enough office jobs for this projected increase in resident workers would require somewhere between 41,000 and 60,300 m² of new office space.

Floorspace Requirements

- 6.15 Table 6.1 compares the employment space requirements arising under the four different estimates of demand set out above. This indicates a total space requirement varying between -51,700 m² and almost 43,000 m², but between 2,200 m² and 63,800 m² for office space. These compare with the benchmark figure of somewhere between 41,000 and 60,300 m² of new office space that would be needed to match local labour growth.
- 6.16 There is clearly a large variation between the different estimates, reflecting the different approaches used. However, these four estimates are considered to provide a reasonable range of future employment space requirements that would encompass the more realistic of the possible futures for the Borough.

Table 6.1 Estimated Employment Space Requirements from Different Approaches, 2010 - 21

	Experian Baseline Job Estimate (m ²)	GLA Job Forecasts (m ²)	Past Completions Continue (m ²)	Reduced Industrial Losses/Higher Offices (m ²)
Industrial(B1c/B2/B8)	- 20,900	- 53,500	-53,900	- 32,200
Offices (B1a/b)	+ 63,800	+ 47,900	+2,200	+ 22,000
Total B-class Space	+ 42,900	- 5,600	- 51,700	- 10,200

Source: NLP Note: Figures rounded to nearest 100 m² and column totals may not sum

Planning Requirement for Employment Land

- 6.17 To identify the amount of employment space that should actually be planned for in Merton, it is normal to convert net floorspace requirements to an estimate of gross space needs by adding an allowance for replacement of future losses of employment space to other uses. Without doing this, the stock of employment

space would gradually be eroded. This approach is also advocated in the recent guidance on Employment & Economic Land Assessments in the South East.²²

- 6.18 While the detailed assumptions are set out in Appendix 7, on balance given strong protection policies for employment sites and a changed economic outlook, it appears appropriate to allow for a fairly modest replacement allowance for future losses that amounts to 500 m² p.a. for office space and perhaps 1,000 m² p.a. for industrial space over the next 11 years. This would equate to 16,500 m² in total over the period.
- 6.19 It is also normal to provide some additional safety margin on top of the initial estimate of needs. This can reflect the need to provide some choice of sites to developers, to compensate for the uncertainties of the forecasting process, and to give some flexibility and decanting space while older premises are redeveloped and new premises are coming forward. Recent guidance suggests that an appropriate margin for each use class should be based on how long it takes a site to move from being a commitment to completion.²³
- 6.20 A reasonable but not over-generous additional allowance should be made here to offer some flexibility but avoid over-provision of scarce land. Within the relatively strong demand and fast development context of London, one year's worth of past gross completions appears an appropriate amount in order to ensure that there is enough space available for expanding/relocating firms whilst new premises are constructed. This would equate to 12,500 m² in Merton, which would add around 30% to the Experian job based demand estimate, but much higher relative increases to the other estimates.²⁴
- 6.21 Taking account of these additional allowances for future losses and flexibility, the resulting gross employment space requirements over the next 11 years to 2021 are summarised in Table 6.2 below. The inclusion of these allowances raises the maximum employment space requirement to be planned for to almost 72,000 m², with a minimum of -24,700 m². The office space requirement shows a sizeable variation - 12,200 to 75,800 m². The estimated range for industrial space is tighter, varying between a need for 3,900 m² less space and 36,900 m² less. These differences reflect the different methods and assumptions used, with the two job growth based estimates indicating the highest office space requirements, and highest B class space requirements overall.

²² The South East England Partnership guidance is unclear as to whether this allowance should be applied to job forecast based estimates but taking a cautious approach, this allowance has been added to all demand estimates in this study.

²³ Guidance on Employment & Economic Land Assessments, South East Partnership Board, March 2010

²⁴ This allowance for losses comprises 6,000 m² for industrial space and 6,500 m² for offices

Table 6.2 Gross Employment Space Requirements to 2021 (including safety margin & allowance for losses)

	Experian Baseline Job Estimate (m ²)	GLA Job Forecasts (m ²)	Past Completions Continue (m ²)	Reduced Industrial Losses/Higher Offices (m ²)
Industrial space (B1c/B2/B8)	-3,900	-36,500	-36,900	- 15,200
Office space (B1a)	+75,800	+59,900	+12,200	+32,000
Total B-class space	+71,900	+23,400	-24,700	+16,800

Land Requirements

- 6.22 Table 6.3 below indicates the broad amounts of development land associated with these gross floorspace requirements. These land estimates assume that a high proportion of office space (80%) would be built in town centres at a fairly dense plot ratio of 2.0.²⁵ The remaining 20% is assumed to be developed on edge-of-centre, or other smaller urban sites at medium densities with a plot ratio of 0.8.²⁶ These ratios have been applied to the office space requirements to estimate likely land needs. For industrial developments, a typical 0.4 plot ratio has been assumed in line with current guidance.
- 6.23 In the maximum case, based on Experian job forecasts, up to 2.1 ha of development land would be needed, and only for office development. However, under all other estimates, there would be a need for less land than now, the amount varying between 1.4 and 8.1 ha less. This assumes that some industrial land can be redeveloped for office uses, and if not, the overall land requirement would be higher, between 1.1 and 4.6 ha.

Table 6.3 Employment Land Requirements 2010- 21

	Experian Baseline Job Estimate (m ²)	GLA Job Forecasts (m ²)	Past Completions Continue (m ²)	Reduced Industrial Losses/Higher Offices (m ²)
Industrial land (B1c/B2/B8)	- 2.5	-10.6	-9.2	- 3.8
Office land (B1a)	+4.6	+3.6	+1.1	+2.4
Total B-class land	+2.1	- 7.0	- 8.1	-1.4

Note: Figures rounded to nearest 0.1 ha and column totals may not sum exactly

Reality Check

- 6.24 Given the significant differences between these different estimates, it is important to test how reasonable each appears against other factors and how sensitive these estimates are to different assumptions.

²⁵ i.e. 20,000 m² of development could be developed on a 1 ha (10,000 m²) site; the assumption of 80% of new office space being in town centres is an assumption based on PPS4 and current development patterns in Merton

²⁶ A 0.8 plot ratio for offices exceeds figures in ODPM Guidance but reflects some recent development in outer London.

- 6.25 All the estimates indicate losses of industrial land over the next 11 years. This is not inconsistent with the London Industrial Land Release Benchmarks, which indicate scope for release of some 34 ha of such land in South West London between 2011 –21, but spread over seven boroughs. If this were evenly split, Merton’s share would be just under 5 ha, but is probably less given this a relatively small borough. Two of the estimates exceed that rough benchmark, two are below it. The Reduced Industrial Losses/Higher Offices estimate appears closest to the estimated benchmark figure to match Merton’s labour growth of between 41,000 and 60,300 m².
- 6.26 The implications of these employment space estimates in terms of employment pressures in the Borough can also be considered. As Table 6.4 below indicates, the various demand estimates imply between 1,275 less jobs and +1,380 job gains in net terms over the period.²⁷ All this assumes that all the estimated employment space would be developed and occupied in that period. These job estimates can be compared with projected change in labour supply in the Borough in the same period of approximately 3,150 to 4,640 workers seeking B class employment. This indicates that all estimates could easily be accommodated within anticipated labour supply growth and does not rule out any estimate as less likely because of labour constraints or commuting factors. However, estimates that result in high negative job growth may be considered less desirable as a basis for forward planning.

Table 6.4 Job levels associated with different demand estimates, 2010-21

	Experian Baseline Job Estimate	GLA Job Forecasts	Past Completions Continue	Reduced Industrial Losses/Higher Offices
No. Industrial jobs	-1,510	- 3,450	+390	-960
No. Office jobs	+2,890	+2,175	-1,660	1,375
Total B-class jobs	+1,380	- 1,275	-1,270	+415
Average jobs p.a.	+125	-116	-115	+38

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

- 6.27 It is also useful to compare the employment growth implied by these amounts of land with employment growth actually achieved in the Borough in recent years. The lowest employment space estimate based on the GLA job forecasts implies about 120 less B class jobs annually would result over the next 11 years, but with 200 new office jobs a year. The highest growth estimate based on job forecasts implies a net 130 more jobs annually, all office based jobs. These figures compare with the average yearly loss of 290 B class jobs experienced in Merton between 1998 and 2008, largely due to declining manufacturing jobs. All the estimates therefore imply a better picture of job change than has been achieved in the Borough in the recent past, in some

²⁷ These job estimates exclude the safety margin (which is intended only to help allocations of land but not necessarily be developed) but include the allowance for replacement of losses

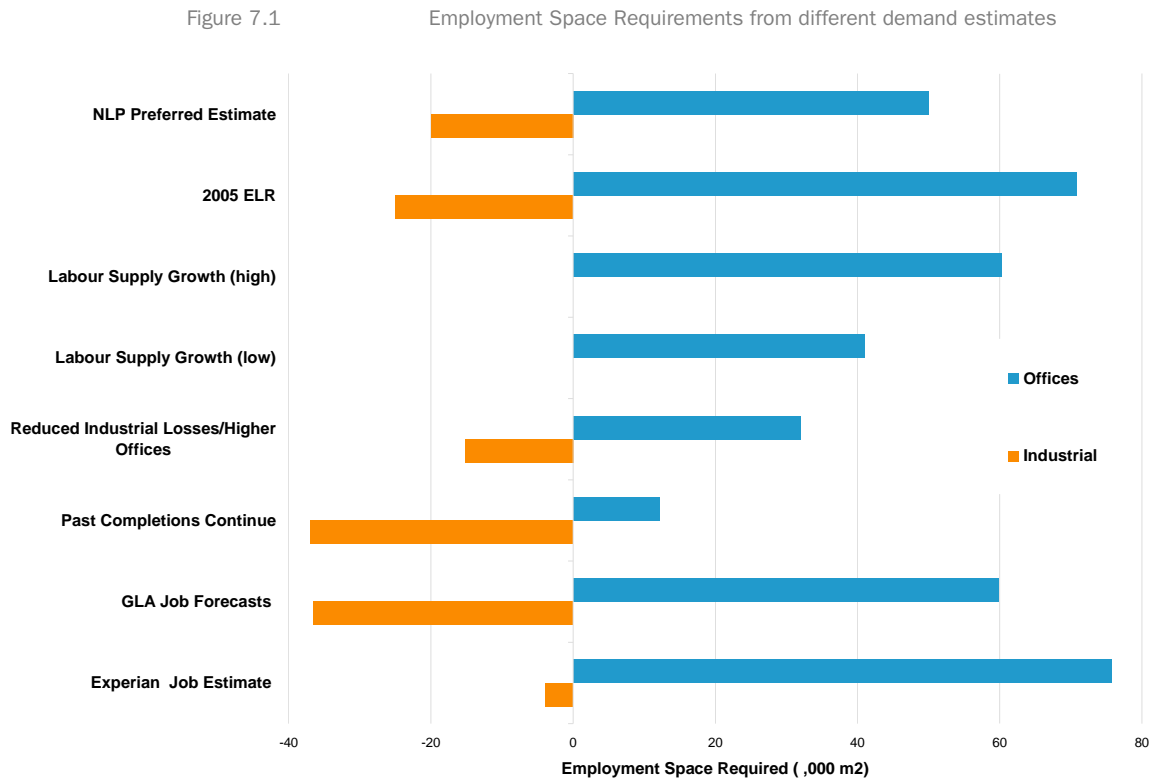
cases substantially better. As that period was one of relatively strong economic growth, it is perhaps reasonable to expect future growth levels to be at the lower end of that range. Choosing a preferred estimate on this basis would mean a choice between planning for job decline or for an estimate which allows some job growth.

- 6.28 The highest growth estimates imply an annual increase of about 6,500 m² of employment space over the period to 2021. This would be much less than the gross annual completion rate of B class space in Merton between 2005 – 09 (12,500 m²) but this figure may be misleading as it includes changes of use of space between different B-classes. It may however not be too unrealistic if the country faces a period of slower economic growth. Compared with the net development rate achieved over the last 10 years (-4,700 m²), the higher estimates perhaps look less realistic although it is not valid to compare net and gross figures.
- 6.29 There is also potential to obtain different estimates of demand for employment space if different assumptions are made on future development rates, replacement of losses and the safety margin added. For example, a higher safety margin (say two years of gross completions) would increase the employment space required, by about 12,500 m² across all estimates. This would be a 17% increase in the highest estimate but would more than double the space requirement for some estimates. However, the modest safety margin currently allowed for is considered appropriate to this area and local market conditions, while ensuring a rolling 5 year land supply will reduce the risk of undersupply.
- 6.30 The estimates of land requirements will also reflect the various assumptions on job/floorspace ratios and plot ratios adopted. Those used in the study come from Government guidance or from analysis of local development patterns in London. At present, it is assumed that 80% of any new office space in Merton would be in a high density town centre/edge of centre location at a plot ratio of 2.0, and the remainder in other urban sites at a lower average ratio of 0.8. If, for example, all new office space was built at a plot ratio of 2.0, the maximum land requirement for new office development would only fall from 4.6 to 3.7 ha, indicating that the land requirement is not hugely sensitive to this factor.
- 6.31 Some variations could also result from using a different job/floorspace ratio for office development, which has the largest requirement for new space. The gross ratio of 1 job/20 m² of office space reflects Government guidance and recent studies for outer London.²⁸ If a denser occupancy assumption of say 1 job/18 m² (as used in the GLA forecasts or to reflect smart growth factors) was used instead, this would reduce the higher estimates of office space requirements by 10%, a difference of 6,000- 7,600 m². The maximum requirement would then be in the order of 54,000 to 68,000 m².

²⁸ London Office Policy Review, GLA, 2009

6.32 It can also be instructive to compare the current demand estimates with those of the previous (2005) Employment Land Study. This estimated a need for 6,440 m² of offices p.a. between 2011-16, and for 2,280 m² less industrial space p.a. This compares with the annual requirement estimated by the current study of between 1,100 and 6,900 m² more office space, and between 350 and 3,350 m² less industrial space annually.

6.33 Figure 7.1 below illustrates the range of estimates and how the consultant's preferred figure relates to these.



6.34 Overall, the range of forecasts of employment space requirements, with the safety margins incorporated, is considered to provide an appropriate basis to inform future planning decisions taking account of the various uncertainties involved.

Preferred Estimate of Future Requirements

6.35 Based on the above factors, a view can be formed on which of the various estimates of future demand might be the most appropriate as the basis for future planning.

6.36 The uncertain economic outlook makes this a difficult judgment and it may be that a combination of these estimates would best reflect future needs. The estimate which assumes past trends continuing at similar rates is probably less likely in terms of the current more pessimistic economic outlook. Office space

requirements in the order of 50,000 m² appear broadly consistent with market views on what the area could achieve. This lies below the more optimistic job based estimates but reflects encouragement for an increased office role for outer London centres in future. To help the Borough realise its economic potential, it may be best to plan for office development at this sort of level. Planning for below that level would possibly underplay the area's growth potential but achieving it will depend on finding suitable available sites.

- 6.37 At the same time, it is considered that future losses of industrial space are likely to be less than the more pessimistic estimates arising from the GLA job forecasts and a continuation of past trends, so perhaps a loss in the order of 15,000 – 20,000 m² would be a reasonable basis for planning. This would be less than estimated by the 2005 L B Merton ELR but fairly close to the industrial losses benchmark figure. Planning for this overall level of loss, however, would not prevent the need for some modern industrial space to be delivered.

Conclusions

- 6.38 Based on consideration of various factors, four different estimates of future employment space requirements have been prepared, using different approaches. Two of these are based on forecasts of job growth, two on past completion rates. A further benchmark estimate was based on growth in labour supply. Three of these estimates indicate significantly higher levels of employment development in Merton than achieved in the recent past.
- 6.39 The overall space requirements related to these different futures range from 21,700 less space to 71,900 m² more space up to 2021, but between 12,200 and 75,800 m² for office space. This implies a need for between 2.2 ha more or 8.1 ha less employment land.
- 6.40 All but one of the demand estimates produce a level of job generation which is well below the additional number of workers generated by planned housing growth and demographic change, and this factor does not make any of the estimates less likely.
- 6.41 Given an uncertain economic outlook, it is difficult to select the preferred or most likely option from these alternative growth pictures and a judgment is necessary. For office space, it may be best to plan for in the order of 50,000 m² more floorspace, which reflects market views on what the area could sustain and would help the Borough realise its economic potential.
- 6.42 For industrial space, in the order of 15,000 – 20,000 m² less space than now would be a reasonable basis for planning, which would be fairly close to the industrial losses benchmark figure. This should not negate the need for some modern industrial space to be delivered.
- 6.43 Given the current uncertain economic background, all of these estimates of demand are taken forward for comparison with available land supply in Section

8 but with particular emphasis on the preferred estimate for planning purposes identified above.

Implications for the Study

- a Future requirements for B class employment space in Merton up to 2021 were estimated using employment forecasts, past development rates and labour supply growth.
- b The different demand estimates vary from 21,700 m² less B class space needed to 71,900 m² more space needed by 2021.
- c Labour force growth in Merton implies a need for 41,000- 60,300 m² of office space.
- d All of the increased amounts of B class space estimated would be for B1 office space, up to a maximum of 76,000 m², with less industrial space needed under all estimates.
- e An uncertain economic outlook makes it difficult to select the most likely outcome within this range but an additional 50,000 m² of office space and in the order of 15,000 -20,000 m² less industrial space would be a reasonable basis for future planning.

7.0 The Non B Class Sectors

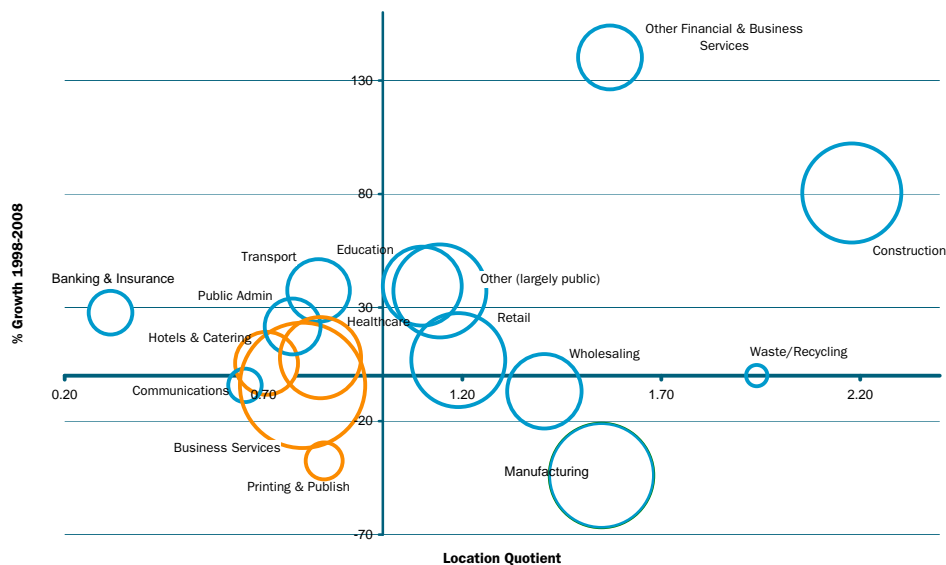
- 7.1 Reflecting the wider definition of economic development contained with PPS4: *Planning for Sustainable Economic Growth*, this section considers the current level of provision and distribution of non B Class uses in the Borough, the employment potential of these uses and, as far as possible, their future requirements for land.
- 7.2 The Non B uses considered in this section are only ones which generate employment, wealth or economic activity as defined by PPS4, so that uses that do not provide significant employment (e.g. open space, churches) are excluded. Appendix 8 identifies the Non B Uses that constitute economic development and in which broad employment sectors they fall. For this study, the main focus is on the broad Non B sectors comprising retail, commercial leisure, health clubs, sports centres, health and education facilities, transport, public administration, certain community facilities, construction and waste management/processing facilities.
- 7.3 Below sector level, data on individual uses is not readily available or reliable. Some individual job generating uses which are significant within Merton, such as construction, vehicle repair or creative activities, will either be covered within one of these broad sectors or under the B uses. No other sectors or individual uses were identified during the course of this study as requiring specific consideration here.
- 7.4 It is important to note that the job and space requirements of these sectors are usually estimated and planned for quite differently from the B class uses. For example, schools are planned for based on forecast numbers of children and capacity in existing provision; a new hospital or university is likely to have a quite specific land requirement not directly related to job numbers. Many retail or leisure uses will locate within mixed use schemes or in locations of the operator's choice rather than on specified allocated sites.
- 7.5 The job growth and space requirements estimated for these sectors are based on a number of different factors and sources depending on the sector. These include employment forecasts by sector from Experian, specific L B Merton studies relating to a particular sector, the L B Merton's Infrastructure Needs Assessment (2008), and on discussions with relevant providers such as the Local Education Authority (LEA), Primary Care Trust (PCT) and the Waste Authority. Current provision of these facilities was identified from information provided by L B Merton, from classified business listings, from the L B Merton's Infrastructure Needs Assessment study and from discussions with relevant authorities.²⁹

²⁹ including the PCT, LEA, Waste Authority etc.

Overview

- 7.6 A list of the main Non B uses in Merton is provided in Appendix 9 along with Plans 7.1 and 7.2 which indicate the current distribution of the main types of Non B Class activities within the Borough. For retailing, it shows the main shopping centres and retail warehouse parks but not the many small, individual shop units across the Borough.
- 7.7 Non B Class uses currently account for some 55% of all jobs based in Merton, although some forecasts anticipate only a modest increase in these jobs by 2021 and just maintaining that share.³⁰ However, the GLA employment forecasts imply that 58% of Merton jobs in 2021 will be in sectors other than offices and industrial uses, and that the Non B uses will provide much more job growth than the B uses over that period.
- 7.8 Figure 7.1 illustrates the extent to which the main Non B sectors are over or under-represented in job terms within Merton. This uses the location quotient of each sector - the proportion of total employment in that sector locally divided by the equivalent figure for London.

Figure 7.1 Location Quotient/Job Growth of Merton Sectors



Source: Experian job forecasts, 2010

- 7.9 The main employment sectors within Merton are represented by 'bubbles'. Sectors scoring over 1.0 have a higher job representation in Merton than the London average, those below 1.0 a lower representation. Sectors in the right hand half of the figure are therefore over-represented, the amount of such concentration being higher the further to the right the bubbles appear. Those on the left hand side are under-represented within the Borough, compared to

³⁰ Based on Experian total employment forecasts and equates to approximately 45,400 jobs in 2008

the London average. Where sectors are over-represented within it in job terms, it indicates a concentration of activity that suggests Merton offers some competitive advantage that has allowed that sector to remain there and grow.

- 7.10 In addition, the size of the bubble indicates the current scale of Merton jobs in that sector while the level of job growth in the sector over the past 10 years is indicated by how high or low on the Figure the bubble appears. Bubbles edged blue indicate sectors which achieved job growth above the London average, while those edged orange indicate below average growth.
- 7.11 This shows that, compared with London, Merton has above average concentrations of jobs in construction, waste processing/recycling, retailing and education. These sectors have also grown faster in Merton in job terms than in London as a whole. It also indicates that Merton has below average concentrations in hotels & catering, and healthcare.
- 7.12 One of the key factors driving growth in many Non B sectors is likely to be population growth. The most recent ONS forecasts predict that between 2010 and 2021, the Merton population will grow by 26,900, or 13%.³¹
- 7.13 Within this broad overview, the current provision and likely growth needs of individual sectors are considered below.

Retail

- 7.14 As at 2008, Merton had some 336,000 m² of retail floorspace, an increase of 3% over the last 10 years.³² This is primarily located in the four main centres – Wimbledon, Morden, Mitcham and Colliers Wood – and in seven retail warehouse parks - at Plough Lane, Morden Road, Shannon Corner, Raynes Park along with the Tandem Centre and Priory Retail Park in Colliers Wood town centre. There are also several hundred individual shop units scattered across the Borough.
- 7.15 The growth potential of this sector up to 2016 was assessed by a Town Centre study undertaken for L B Merton in 2008.³³ A further study in 2008 updated the retail capacity projections up to 2021, with the convenience floorspace projections updated further in February 2010. Table 7.1 shows estimates from the 2008 update.
- 7.16 The latest (2010) floorspace projection for convenience shopping from these earlier studies is 5,100 m² (gross) by 2021 and this reflects up-to-date population and expenditure projections. The previous (2008) comparison retail floorspace requirement was 40,100 m² gross by 2021. If this were updated to reflect up to date population and expenditure data and the effects of the recession, the requirement would be 40,900 m² (gross) by 2021, little different

³¹ 2008-based sub-national population projections, ONS, 2010

³² Neighbourhood Statistics, ONS, 2008

³³ Merton Town Centre Study 2005, Town Centre Study Update 2008; Convenience space update related to foodstore proposal in Wimbledon area in 2010, Nathaniel Lichfield and Partners

from the earlier estimate. If current patterns were repeated in the future, a significant proportion of the projected future demand for comparison floorspace could come from retail warehouses.

Table 7.1 Additional Retail Floorspace Capacity to 2016

Location	Comparison Floorspace (m ² gross)	Convenience Floorspace (m ² gross)
Wimbledon	11,250	3,500
Mitcham	2,500	800
Morden	3,300	600
Colliers Wood	14,500	700
Elsewhere in Merton	8,600	4,000
Total	40,150	9,600

Source: Town Centre Study Update, NLP 2008

- 7.17 National, regional and local policy directs town centre type uses such as retail towards town centres. Any additional provision would therefore be accommodated primarily within or adjoining the Borough's main or district centres, with some in small shop units or in mixed use developments. No specific sites for this were identified by the study although there have since been several proposals for new foodstores. Some of this potential retail capacity could be accommodated in the major, district or local centres as well as neighbourhood retail parades. If sufficient sites were not available in or beside these existing centres, it is possible that some of the retail warehouse requirement would seek to locate on existing industrial land even if this would be discouraged by the sequential approach. It is difficult to estimate how much through this study but perhaps 1-2 ha could be sought for such uses.
- 7.18 Current employment in this sector is some 8,430 jobs, but strong job growth (1,930 jobs or 23%) is forecast by 2021, reflecting the growth capacity indicated above.³⁴

Sports Facilities

- 7.19 There are four large sports facilities within the Borough - Cannon Leisure Centre, Morden Park Pool, the Goals Soccer Centre and Wimbledon Greyhound Stadium. Jobs in these facilities would fall within the wide 'Other Services' sector but are hard to estimate individually. There is no indication of significant expansion or job growth planned for these facilities and this seems less likely given planned Government cuts in public spending.
- 7.20 Turning at the health and fitness sector, after rapid growth nationally, this sector has reached saturation point in some areas, with growth now appearing to have levelled out with some facilities operating at less than capacity. There are 16 private health and fitness clubs in Merton, including four national operators and, based on the 2005 Town Centre study, existing provision was

³⁴ based on Experian 2008 total employment data and Spring 2010 employment forecasts

sufficient to meet local demand. However, it also noted that any increase in participation rates along with population growth could increase demand in future and operator demand was identified for a further facility in Wimbledon. With a national average membership rate of 12% and 1,400 members per club, population growth of 32,000 by 2021 would indicate support for several new facilities although this may be tempered by any falling back in participation rates.

- 7.21 Any growth is therefore likely to be modest and would require a relatively small amount of land (e.g. 0.1 ha per facility in some cases). Although such facilities sometimes seek new sites on industrial estates, they can often utilise converted premises in centres or form parts of mixed use schemes, so that there is unlikely to be a need to allocate land for this purpose.
- 7.22 A typical employment level for a health and fitness club is about 50 jobs, so that only modest employment growth is likely from this sector, perhaps 100 jobs.

Commercial Leisure

- 7.23 This sector includes various forms of commercial leisure such as cinemas, theatres, bingo, bowling, and nightclubs. Capacity for local growth in this sector was also examined by the 2005 Town Centre study.³⁵ Employment in these uses in Merton was estimated to be in the order of 800 jobs in 2008.
- 7.24 The demand for commercial leisure facilities has increased significantly during the last 20 years. However, many analysts consider that the commercial leisure market has now reached saturation in some sectors, e.g. bingo, multiplex cinemas and tenpin bowling.

Cinemas

- 7.25 There is one large cinema and one small cinema in Wimbledon and good provision of multiplex cinemas in surrounding centres including in Wandsworth, Streatham Sutton, Croydon and Kingston. There are also four theatres in the Borough.
- 7.26 In terms of cinema provision, the 2005 Town Centre study indicated a need for only about 9 screens in the Borough by 2016, compared with current provision at that time of 12 screens, and indicated no need for further provision. Since then, the cinema sector nationally has shown slower growth with consolidation rather than many new facilities. Updated population and cinema visit projections as at 2010 indicate that the 2005 position remains unchanged. Taking account of cinemas in adjoining Boroughs, and one small new cinema since 2005, this indicates no need for further cinema provision in the Borough for the foreseeable future.

³⁵ Merton Town Centre Study, Nathaniel Lichfield and Partners, September 2005

Tenpin bowling

- 7.27 The Tenpin bowling sector has provided few new facilities in recent years with most forming part of large leisure developments, often out of centre, offering a choice leisure and of entertainment facilities. The Borough has one tenpin bowling facility (a David Lloyd centre at Raynes Park), and there is also relatively good access to bowling facilities in Sutton, Tolworth/Surbiton, Croydon and Streatham. On this basis, even with population growth limited potential is seen for new facilities within Merton.

Bingo

- 7.28 The bingo market peaked in the mid-1970s. Since then the sector has struggled to compete with other leisure activities, including the impact of the National Lottery. The number of bingo clubs in the UK fell from 800 to 700 between 1995-05. The decline has bottomed out and attendance figures have remained steady since the late 1990s although affected recently by smoking bans and national recession.
- 7.29 There are no commercial bingo halls in Merton, but one on the border of L B Sutton and other facilities nearby in Tooting, Kingston and Fulham. Existing bingo provision in the local area was considered sufficient in 2005 to meet the needs of Merton's population, with no growth likely. Very few new bingo halls have been developed in London since 2005. Based on a national average of 113,000 admissions per bingo club p.a. and the participation rate remaining at about 7% of the population, the projected population growth in the Borough would not support another facility, particularly given existing provision on adjoining boroughs.³⁶

Nightclubs

- 7.30 This sector has faced increasing competition in recent years from late night pubs and bars with no admission fees, and continuing rationalisation and price competition is anticipated. It has also been hit by the smoking ban in public places although growth in the 18-24 year old age group could support some growth.
- 7.31 Three nightclubs/late bars were identified in Merton, all in Wimbledon. In the 2005 Town Centre study, provision of nightclubs in Central London, Kingston and Croydon was seen as likely to limit the potential for major new nightclubs in the Borough, although some scope was seen for further small-medium nightclub facilities. While easy access to nightclubs in central London will probably continue to constrain local growth, population growth should support modest growth in local demand for nightclubs in town centre locations. However, LB Merton's Licensing Policy imposes a cumulative impact area along the whole

³⁶ Bingo, Leisure Intelligence, Mintel, May 2005

length of the Broadway in Wimbledon that would effectively prevent any further nightclubs being given a licence.

Casinos

- 7.32 In the 2005 study, Wimbledon was assessed as having a catchment population potentially large enough to support a small casino but the high provision of casinos in Central London was considered likely to limit any expansion in the Borough. Larger centres nearby, such as Kingston and Croydon, were also seen as likely to be more attractive local locations. Since then, despite some Government deregulation, the trend has been for new casinos to seek locations only in major centres with a large catchment population. There have been very few new casinos opened in London recent years outside the city centre. No casinos currently exist in Merton, and L B Merton has resolved not to issue any new casino licences.³⁷ On this basis, any further growth appears unlikely.
- 7.33 Overall, proximity of major leisure facilities in surrounding boroughs limits the catchment area and potential for sizeable growth of major growth in commercial leisure facilities in Merton. The main growth areas are likely to be bars and nightclubs but the level of job growth is likely to be modest. These activities would mainly be located in town centres, typically utilising former retail units or forming parts of new mixed use developments, and would not require additional land to any significant extent.

Hotels & Catering

- 7.34 There are currently 15 hotels within Merton, which tend to be in the small to medium size range and mostly at the lower cost end of the market. Several of these hotels, mainly in Wimbledon, include some conference facilities but there appear to be no sizeable dedicated facilities within the Borough. There are a large number of bars/restaurants, mainly focused in the major and district centres, but with many individual premises scattered over the Borough.
- 7.35 This sector is under-represented in job terms within Merton compared with the London average and achieved only modest job growth in recent years. Current employment in this sector totals almost 3,800 jobs.
- 7.36 Much of London's hotel demand comes from overseas tourism, with lesser demand from domestic tourism. The international attraction of the Wimbledon tennis tournament is a factor in hotel demand, but only for a relatively short period of the year. Other short term increases in demand may arise from the 2012 Olympics. Forecasts of hotel demand were undertaken for the GLA in 2006 and this implied a need for about 300 more hotel rooms in Merton by 2021.³⁸ This would be equivalent to several medium sized hotels, and the associated employment growth would be modest, perhaps 150 jobs. It is

³⁷ Council resolution under Section 166 of the Gambling Act, and not to allow operators to make applications for premises licenses for casinos.

³⁸ Hotel Demand Study, GLA, 2006

difficult to see development of major new conference facilities but any major office growth in Merton could increase the need for business hotels with larger conference facilities.

- 7.37 The proportion of Class A3/A5 uses (restaurants, takeaways and bars) within the main centres in Merton is comparable to or above the national average. In terms of growth potential, this sector generally has grown strongly in recent years and some operator demand was identified for further restaurants/bars within Wimbledon town centre in 2005. The requirement for new floorspace at that time was estimated between 1,700 to 2,500 m² gross up to 2011, a fairly modest amount. However, since then, bars particularly have been hit by the smoking ban and many have closed nationally.
- 7.38 Despite this, significant job growth (1,120 jobs or 30%) is forecast by Experian for the sector as a whole in Merton by 2021. Most of this seems likely to be in the café/restaurants element rather than hotels and the estimate appears high, with a figure perhaps half (600) of that more likely. In terms of land needs, National, regional and local policy directs town centre type uses including some hotels towards town centres. Hotels generally tend to locate in town centres, sometimes on former office sites, or within residential areas, while catering uses tend to be within centres. While some hotels do seek to locate on industrial estates, this seems less likely to be the case in Merton. In this situation, the scale of growth envisaged would not seem to require much additional land, probably under 1 ha.

Health Facilities

- 7.39 Included within this sector would be hospitals, medical centres, GP and dental surgeries and residential care homes, both public and privately run. Merton's current employment in this sector totals over 6,300 jobs.³⁹ While this is a significant level, it is a smaller proportion of all jobs than the London average and relative employment growth in this sector has been less in Merton than in London generally.
- 7.40 The over 65 population of Merton, the age group that typically makes greater demands on healthcare, is forecast to grow by 13% by 2021, similar to the forecast for London as a whole and equivalent to 3,800 more residents.⁴⁰ This may suggest need for further provision although existing capacity can probably accommodate some growth in demand.
- 7.41 There are no major hospitals in Merton but several small ones including the Nelson Hospital, the Wilson Hospital and the Wolfson Neurological Centre in Wimbledon. No significant expansion of these hospital facilities has been identified through discussions with the PCT or from the Merton Draft Core Strategy Preferred Options (2009), but local care centres are to be provided

³⁹ Experian total employment estimate for 2008

⁴⁰ ONS 2008 based population forecasts by age group

within the Nelson and Wilson hospital sites. There are also several hospitals nearby in adjoining boroughs – St. Helier, Royal Marsden and Sutton hospitals (Sutton) and the St. Georges Hospital (Wandsworth) – which add to local capacity.

- 7.42 Based on discussions with the PCT, in terms of Primary Health Care, as part of the Better Healthcare Closer to Home programme, two local care centres are planned for Merton in the form of polyclinics from 2011 onwards. Both of these will be within existing hospital (Nelson and Wilson) sites. These are anticipated to provide about 200 additional jobs based in Merton.
- 7.43 There are some 25 GP surgeries and health centres, which is considered adequate in quantitative terms by the PCT, although some need to be redeveloped or relocated to improve quality or capacity. No significant requirement for new sites is currently foreseen from these facilities.
- 7.44 In terms of care homes for the elderly, Merton has 37 care homes and residential homes as well as 617 day care places within five centres. There are also 37 retirement homes. An ambulance station with 77 staff is located in Wimbledon.
- 7.45 Despite Government spending on health likely to slow considerably or remain static in the near to mid term, expansion of the elderly population and possible growth in demand for private health care may require further provision of residential care homes. However, this could be offset by programmes to improve the health of elderly residents and help them live independently for longer. Any growth could partly be achieved by expanding capacity on existing sites without necessarily a large additional land requirement. While there are some examples elsewhere of care homes seeking industrial sites, this appears less likely on industrial estates in Merton. There has been some limited use of industrial premises for other health uses, for example a dialysis unit occupying a 1,200 m² former warehouse unit on the Merton Abbey industrial estate. Such uses could potentially occupy surplus industrial units in future but this is unlikely to be on a significant scale. The PCT also expects to require up to 2,500 m² of office space for its administrative needs in future.
- 7.46 There is also an informal health sector, with many small independent practitioners, often self employed, in fields such as yoga, pilates, massage, alternative medicine, Chinese medicine, acupuncture etc. These tend to operate from dwellings, community buildings or converted shop units and do not require significant amounts of space. They could, however contribute significantly to local job growth.
- 7.47 Overall, fairly limited requirements for new space are expected from this sector and very little requirement for additional land. Taking account of these various elements of healthcare, significant job growth (870 jobs or 14%) is forecast by 2021.

Education

- 7.48 This sector includes primary and secondary schools, further education colleges and universities, as well as commercial nurseries. Current employment in this sector within Merton totals almost 6,000 jobs. This concentration of education employment is slightly above the London average and there been modest recent growth in it.
- 7.49 Within Merton, there are 43 L B Merton operated primary schools, 8 secondary schools as well as 3 special schools and 9 sites with Sixth Form learning. There are also some 13 independent schools covering different age groups. The main further/higher education centre is Wimbledon College of Art, operating on three sites, the South Thames College Merton Campus, which runs mainly vocational and employer training courses, and the Merton Adult Education centre. There are also several language schools in the Wimbledon area, each with up to 20 staff.
- 7.50 Based on Local Education Authority figures, significant increases in primary school pupils are forecast up to 2021 and indicate a need for a further 12 Forms of Entry (360 places). However, these additional pupils are mainly to be accommodated by expansion of existing schools, but with a new school in north Wimbledon planned. This new school is likely to be within an existing industrial site, requiring in the order of 1 ha.
- 7.51 For secondary schools, based on discussions with the Local Education Authority, a further 9-12 Forms of Entry (270- 360 places) are likely to be required in future. Any new provision was expected to be delivered through the Building Schools for the Future (BSF) and mainly utilise existing school sites, although this programme has now been severely cut and projects in Merton unlikely to proceed. In the short term, Sixth form facilities are being added to some existing schools; there therefore appears no additional land requirement for this use.
- 7.52 No expansion is planned at South Thames College. At Wimbledon College of Art, no significant increase in student numbers is expected over the next 10 years and large employment growth there appears unlikely. There have been some small losses of office space to education uses linked to Wimbledon Art College in recent years. However, the College has sold off some sites to focus new development within its Merton Hall site and has no additional land requirements elsewhere. There is understood to be no space within the College site for new premises to support spin-out creative activities and any future provision would require new premises, although probably within an existing centre and in a converted building.
- 7.53 In this context, very modest job growth in education (100 jobs) is forecast in Merton by 2021 and the additional land needs of this sector are also likely to be relatively small, with most new provision using existing sites and up to 1 ha of industrial land.

Waste/Recycling

- 7.54 This sector includes waste management and transfer facilities as well as recycling and energy from waste facilities. Merton has significant waste management provision, particularly at the Willow Lane industrial estate in the south of the Borough and at Benedict Wharf. In employment terms, this sector currently accounts for almost 450 jobs in Merton, a higher relative proportion of all local jobs than in London as a whole. The sector has grown by approximately 150 jobs since 1998, a rise of one third, albeit from a low base.
- 7.55 There have been a significant number of applications for waste management facilities in Merton over the last 2-3 years, typically on existing waste sites or on industrial land. There are four current applications including the Mitcham Eco-park proposal on an existing 3.8 ha waste management site at Benedict Wharf; this would include an anaerobic digestion facility, an extended materials recycling facility, and a waste bulking/transfer facility. As several are on existing waste sites, these proposals would involve loss of about 1 ha of industrial land.
- 7.56 The South London Waste Plan, covering the four south London boroughs of Croydon, Merton, Sutton and Kingston-upon-Thames, will form part of each Borough's Local Development Framework, and will guide planning for waste and development control policies. It will also safeguard sites for waste management facilities across the Plan's area in order to meet waste requirements for this part of London. This requirement is estimated to be in the order of 20 ha of land by 2021 across the four boroughs if this area is to be self sufficient in waste management.⁴¹
- 7.57 To meet this need, around 140 potential sites have been examined. Within Merton, potential sites considered included four Preferred Industrial Locations, 10 other industrial estates, the Beddington Lane and Graham Lane Proposals Sites, 16 existing waste or waste exempt sites and the old BBC sports ground at Motspur Park. Some 46 sites have been shortlisted, including three in Merton identified as having good potential - the Willow Lane, Benedicts Wharf, and Garth Road industrial estates - but no preferred sites have yet been identified.⁴² Waste operator preferences are understood to be for a single large site but this may be hard to find. It is not clear whether this site would be in Merton, or whether several smaller sites in different boroughs might be necessary. If a location in Merton were selected, this could potentially require a large amount of land, which is likely to be on existing industrial estates.
- 7.58 No forecasts are available of employment growth associated with this planned provision but modern waste management facilities tend to be highly mechanised and not labour intensive. It is possible, however, that related

⁴¹ South London Waste Plan: Potential Sites and Policies Consultation Document – Stage 2 Consultation, 2009

⁴² Draft Land Availability Study for South London Waste Plan: Potential King Sturge, June 2010; a further four sites in Merton (20 ha combined) were identified as having possible potential was waste use.

activities, such as recycling and energy from waste, could develop in the Borough in that situation. For this reason, an estimate is made that the current 450 jobs could grow to in the order of 600 (i.e. an additional 150 jobs) by 2021. This would indicate a rate of growth similar to that which has occurred in the last decade.

Construction

- 7.59 The construction sector is strongly represented in Merton at present and current employment in it during 2008 was over 9,400 jobs. This sector has a very high representation in Merton and has experienced strong job growth over the last decade.⁴³
- 7.60 Most of this activity is concentrated on industrial estates and small sites in residential areas, as well as management functions within office developments to some extent.
- 7.61 Job growth in this sector is highly dependent on an improved residential and commercial property market, which has been very weak in recent years. It should recover gradually over the next 11 years as the property markets improve. As the 2008 employment level for this sector preceded the recent recession, current levels are likely to be much lower and recovery in the sector may only bring employment back to the 2008 level. For this reason, no major job growth or increased requirement for land is anticipated for this sector. While the Experian forecasts suggest an increase of 840 jobs for the sector by 2021, some of this is already counted within the B Class forecasts since some construction sectors use industrial land. Excluding these, modest growth of perhaps 500 jobs is estimated. However, no significant additional lands needs are anticipated.

Public Administration & Other Public Services

- 7.62 Public administration includes local and central government activities, along with social services, job centres, the police, the courts, fire and other emergency services. Current employment in this sector totals just over 3,000 jobs and the sector has a below average representation in Merton. However, it has grown strongly there over the last decade, at above the London average.
- 7.63 While job growth within this sector has been reasonable in recent years, sizeable cuts in public sector spending are likely in the short to medium term, and no significant job growth is expected up to 2021, with job losses possible in the short term. Indeed, the available forecasts indicate a net loss of 250 jobs by 2021.⁴⁴ This could reduce demand for office space to some extent. There is no indication that new depots or other L B Merton service facilities will be needed, nor significant growth by the emergency services. Overall, no significant requirement for additional land is anticipated for this sector.

⁴³ Experian total employment estimates for 1998 and 2008

⁴⁴ Experian employment forecasts, Spring 2010

- 7.64 A broadly similar situation is expected to apply to other, mainly public, services, which includes activities such as personal services, tourism and media. This sector is expected to lose 4,000 jobs in Merton by 2021, and no additional land requirement would be anticipated. Indeed, some space may be freed up to accommodate other uses.

Transport

- 7.65 This sector includes road, rail and air transport facilities and supporting activities. While some 3,800 jobs are supported by this sector as a whole in Merton at present, a significant part of this is already counted under the B Class sectors e.g. storage, courier and land transport related activities which typically locate on industrial estates. Merton has very low representation in this sector generally and past job growth has been modest.
- 7.66 While some growth in public transport employment might be expected by 2021 to reflect population growth, this appears likely to be modest in a climate of restrained Government expenditure. No airport related growth is likely in Merton. Reflecting these factors, future job growth in the order of 300 jobs is estimated and no significant requirement for more land.

Conclusions

- 7.67 Reflecting the above analysis, the current and forecast levels of employment associated with the non B class sectors are summarised in Table 7.2 below. These forecasts are largely based on past trends in Merton relative to employment growth by sector in London, and are consistent with the forecasts used to estimate future space requirements for the B Class uses. However, some were adjusted to reflect other views of certain sectors' growth potential.

Table 7.2 Job Forecasts for Non B Class Uses, 2008-2021

Sector	2008 Job Level	Estimated Job Change 2008-21
Health	6,320	+870
Education	5,990	+ 100
Retail	8,430	+1,930
Public Administration	3,010	- 260
Other (mainly public) services	8,270	-4,000
Hotels & Catering	3,790	+600
Waste/Recycling	450	+150
Construction (Non B Class)	5,930	+530
Transport (Non B Class)	3,000	+330
Total Non B Uses	45,190	+250
Total B Uses *	36,580	+ 1,390

Source: Figures are total employment including self employed. Note Table includes only significant Non B Uses and jobs * B Use jobs estimated from Experian job forecasts, March 2010 and include some other uses that utilise B class land

- 7.68 When compared with the likely job contribution of the B class sectors, it is clear that non B uses currently account for more employment in Merton (45,190) than the B class sectors and uses typically found on B class land (36,580). As noted earlier, given the likely continued decline of the manufacturing sector in future, the non B Class uses might have been expected to make an important contribution to future job growth in Merton. However, as illustrated by Table 7.2 above, they are forecast to provide fewer additional jobs overall than office based job growth in the traditional employment sectors. By 2021, based on the Experian forecasts, their share of all jobs is anticipated to remain at about its current 55%.
- 7.69 In terms of future land needs for these sectors, the above analysis suggests that there could be a sizeable requirement of between 10 - 20 ha for waste processing, but the amount and location of land required in Merton for waste/recycling has not yet been finalised. Land requirements for other sectors are likely to be modest, partly because many will utilise land already held by the relevant provider or because the use can be incorporated within mixed use developments, often in town centres. There is likely to be a modest requirement for education needs (1 ha or so), and possibly another 1 ha each for retail warehousing and hotel uses. Some of these requirements could require existing industrial land, at least 2 ha, and possibly up to 22 ha (Table 7.3).

Table 7.3 Future Space Requirements of Non B Class Sectors

Sector	Additional Floorspace/land requirement	Likely to Require B class land?
Health	None	Small
Education	1 ha	No
Retail	1 ha	Small
Public Administration	None	No
Other (mainly public) services	None	No
Hotels & Catering	1 ha	Low
Waste/Recycling	10-20 ha *	Yes
Construction	None	No

Source: NLP Analysis/South London Waste Plan * but all not necessarily in L B Merton

- 7.70 This suggests that any surplus industrial land as a result of declining manufacturing activity may be needed to accommodate the growth needs of Non B uses and cannot necessarily be released for housing.

Implications for the Study

- a non B uses currently account for more employment in Merton than the B class sectors and will remain important given the continuing decline of manufacturing.
- b growth in Non B class jobs is expected to provide fewer additional jobs in Merton by 2021 than B class office-based work.
- c the land needs of Non B Uses by 2021 could be as much as 22 ha although this will depend on whether Merton is chosen to accommodate much of the waste needs for South London.
- d most of the estimated Non B requirements are likely to seek industrial land, limiting the scope to release surplus land to non employment uses.

8.0 Demand/Supply Balance

- 8.1 This section draws together the earlier forecasts of future employment space needs for both B and Non B uses and the estimates of available development land and committed supply identified in Sections 3 and 5 in order to identify the balance of demand and supply of employment space. This analysis will enable any need for more provision of employment space, or any surpluses, to be identified in both quantitative and qualitative terms.

Quantitative Balance

- 8.2 Looking first at B Class employment space, Section 6 indicated that less industrial floorspace would be needed in Merton in future (between 3,900 and 36,900 m² less) but significantly more office floorspace (between 12,200 and 75,800 m² more). It also identified a preferred level of office and industrial development to be used for planning purposes up to 2021. These were an additional 50,000 m² of office space along with a loss of in the order of 15,000 -20,000 m² of industrial space.
- 8.3 In a densely developed urban London borough such as Merton, the quantifiable potential supply of new employment space in Merton will come from two principal sources:
- the pipeline supply of committed employment floorspace with extant planning permission which was identified in Section 3; and
 - any vacant floorspace in excess of the normal market level needed to allow movement of occupiers and some choice of premises.
- 8.4 There will also be various other sources of possible supply, such as windfall sites, underused sites and intensification of existing employment premises, but the amount of this is not clear or sufficiently certain to come forward for it to be quantified as part of the demand/supply balance and is considered later in the process.

Pipeline Supply

- 8.5 Taking committed employment space first, Table 8.1 below indicates that the gross amount of potential new B-class floorspace with extant permission at April 2010 stood at 83,300 m². However, excluding losses which would occur if these schemes are implemented, this amounts to a net loss of employment space compared with current provision. Given previous patterns of development in Merton, this net loss is estimated to equate to 1,800 m² of office space along with a loss of approximately 3,100 m² of industrial space.

Table 8.1 B-class employment space with extant planning permission, 2010

	B1 (Unspecified)	Offices (B1a/b)	Manufacturing (B1c/B2)	Warehousing (B8)	All B Uses
Gross (m²)	+1,700	+20,800	+18,800	+41,900	+83,300
Net (m²)	+1,300	+500	-34,300	+31,350	-1,100

Source: LDA * numbers rounded to nearest 100 m² and totals may not sum exactly

Vacant Space

- 8.6 In addition, there is currently a significant amount of vacant employment space available in the Borough, amounting to 41,000 m² of office space (17% of office supply) and about 51,300 m² of industrial space (7% of industrial supply). As the industrial vacancy level is below the range of what is typical in a normal market (8-10%), none of this vacant space has been added to current supply. However, the office vacancy level is sufficiently high that some of it could contribute to meeting future needs, either through being re-occupied or redeveloped /refurbished to give modern space. Assuming about 10% of this space remains vacant to allow movement in the market and choice, the remaining 17,100 m² of vacant office space can contribute to the demand/supply balance. As some of this might be older, poor quality space in less attractive locations that is less likely to be re-occupied, and may not be redeveloped for office uses, this may overstate potential supply but has been taken as a broad indication of maximum supply from this source.
- 8.7 These two sources together result in a potential quantifiable future supply of only about 18,900 m² of office space in net terms. There will be no net gain in industrial space, even if some new industrial premises are likely to be built.

Needs of Different Employment Uses

- 8.8 Potential supply of employment space for both industrial and office uses can now be compared with estimated requirements for these uses (Table 8.2).
- 8.9 Given that future requirements are for less industrial space, even with a small net loss expected in committed industrial supply, there should be more than enough supply available, in purely quantitative terms, to meet future industrial needs arising under all demand estimates. However, under the Experian job forecast based estimate, demand and supply would be close.
- 8.10 In contrast, a significant shortfall of office space is likely under all demand estimates except the past completions based estimate. In relation to the preferred level of office development identified in Section 6 (50,000 m² of office space) there would be a shortfall of at least 31,000 m² of office space.

Table 8.2 Comparison of Quantifiable Supply against Demand Estimates for Offices and Industrial

	Experian Baseline Job Estimate (m ²)	GLA Job Forecasts (m ²)	Past Completions Continue (m ²)	Reduced Industrial Losses/Higher Offices (m ²)
Industrial				
Industrial Space Requirement	-3,900	-36,500	-36,900	- 15,200
Potential industrial space	-3,000			
Surplus (+)/ Shortfall (-)	+900	+33,500	+33,900	+12,200
Offices				
Office Space Requirement	+75,800	+59,900	+12,200	+32,000
Potential supply of office space	+18,900			
Surplus (+)/ Shortfall (-)	-56,900	-41,000	+6,700	-13,100

- 8.11 This analysis basically indicates a need for more office development space in Merton than is currently identified. However, as noted earlier, there are a number of other potential sources which could contribute to future office supply and affect this demand/supply position over the course of the plan period, even if it is difficult to quantify their likely contribution.

Potential Development Land

- 8.12 One potential source would be 16 Allocated Undeveloped sites identified by the L B Merton that could potentially provide up to 9.7 ha of development land, some of these in Council ownership.⁴⁵ These sites are considered in more detail in the following section. However, they are not explicitly allocated for B-class employment uses and therefore cannot be relied upon to come forward solely for offices, especially as many are town centre sites which are likely to be developed for mixed use, retail or leisure schemes. As a result, a reliable estimate of potential office capacity for them is difficult.
- 8.13 In addition, there are a number of sites identified by the 2009 Merton Business Premises Study for L B Merton. This study indicated 12 plots within safeguarded employment areas, and a further 14 plots outside these areas which had “opportunities for change” – i.e. the potential for new employment-generating floorspace. This included both sites currently in use, as well as vacant/cleared land, but not land in town centres. In total, this land totalled 21.5 ha, and was estimated as having potential to yield 34,560 m² of office space, 45,208 m² of industrial space and 4,950 m² of other non-B employment generating space.
- 8.14 If all of the potential office space identified from these plots were to come forward by 2021, this could reduce the estimated shortfall of office space to 22,300 m² in the highest demand situation. It could also increase supply to close to the 50,000 m² planning figure for new office space that was identified

⁴⁵ The allocated sites are identified in Schedule 1: Site Proposals of the L B Merton Adopted Unitary Development Plan (2003)

above. However, it should be noted that these are gross rather than net floorspace totals, as redevelopment of these sites would involve the loss of some existing, primarily industrial space. In addition, it is far from certain that these sites will be redeveloped within the plan period. This suggests that this source of supply cannot be relied on to make up the shortfall.

- 8.15 Some other potential development land was identified during the site assessment process. Within the 133 scattered sites assessed, 6 sites were identified which could provide immediately developable land but this only totalled 0.2 ha. While this study has only assessed about 30% of the scattered sites, and so this figure could be higher, these small sites still appear unlikely to make a major contribution to future supply. Such sites are also likely to come under pressure from other development uses and are not always suitable locations for new office development in sequential terms.

Intensification Opportunities

- 8.16 There may also be further opportunities for the redevelopment of existing employment premises in order to provide additional space which were not identified in the Merton Business Premises Study or the site assessment process of this study. This could particularly apply to town centre office developments which could be intensified by increasing their height, particularly in Wimbledon. There are examples of such redevelopments occurring in recent years (e.g. Swan Court, Worple Road, Wimbledon).
- 8.17 It is also possible that some of the likely shortfall of office supply could be met by redeveloping any surplus industrial land on existing sites. However, from the consultant's experience elsewhere, it is not always possible to redevelop parts of industrial estates to provide offices that are attractive to the market, given the different types of environments and surroundings the former often have. In addition, many of the industrial areas in Merton are some distance from major public transport nodes which is one of the important factors for office occupiers. Some are also being sought for waste management uses. In situations where this approach to creating new office space might work, a carefully master-planned approach would be needed with distinct areas for offices separated from industrial uses and towards the frontages of sites. Even so, such schemes can be difficult to deliver in areas of more marginal demand.
- 8.18 Further discussion of opportunities to achieve further supply of office space is set out in Section 9.

Land Needs of Non B Uses

- 8.19 Account also needs to be taken here of any space requirements arising from growth of Non B Class uses, as estimated in Section 7, although these requirements were much less certain in terms of amounts of land. There could possibly be a sizeable requirement of up to 20 ha for waste management/processing, as well as a modest requirement for education needs

(1 ha or so), and possibly another 1 ha each for retail warehousing and hotel uses. Some of these requirements could require existing industrial land.

- 8.20 At least some, and possibly all, the anticipated surplus of industrial space could therefore be used by the requirements of non-B-class employment uses in the Borough. This surplus could be as much as 8.5 ha of land, although the surplus industrial land associated with the preferred estimate would equate to approximately 3 ha. This indicates that whilst there could potentially be enough surplus industrial land to accommodate some needs of the education and some other Non B Class sectors, if these were considered appropriate locations for these uses, there would not be sufficient to accommodate a 20 ha waste requirement in the Borough without losing industrial land that is needed by that sector.

Five Year Supply

- 8.21 Although this does not necessarily apply to London boroughs, the SEEPB guidance on employment land reviews in the South East region emphasises the need to ensure a rolling 5 year supply of employment land, similar to the 5-year housing land requirement which is required by PPS3.
- 8.22 If demand for B class employment space were to be spread equally over the 11 years remaining in the plan period (2010-2021) then 45% of the requirements for space would fall in the first five years. However, the aftermath of recession and slow recovery mean that it is sensible to assume that there is likely to be a lower rate of growth in the first five years of the plan period. As a result, the proportion of demand falling within the first 5 years has been reduced to one-third of the total, or 33%. This means that the preferred demand estimate would require an additional 16,500 m² of office space within the 2010-2015 period, 33,500 m² beyond then.
- 8.23 Assuming that all extant permissions and vacant space form part of the next 5-year supply, this comparison indicates that there is likely to be a modest surplus of office space over the first 5 year period but a large shortfall after that unless new supply can be identified or comes forward.

Table 8.3 Demand/Supply Balance over Five Year Periods

	2010-15	2016-21
Office Requirement (m²)	16,500	33,500
Estimated Office Supply (m²)	+18,900	0
Surplus (+)/Shortfall (-)	+ 2,400	- 33,500

Source: NLP

Qualitative Factors

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

Offices

- 8.25 As noted earlier, there is a clear quantitative shortfall of office space in the Borough. There also appears to be a qualitative need for better office supply.
- 8.26 A particular gap in the market is larger floorplate offices which could accommodate some more sizable corporate occupiers. In addition, occupiers are very sensitive to the quality of accommodation and constant improvement and upgrading of supply is necessary in order to ensure that the current stock remains attractive and retains businesses in the Borough. Given the difficulty of finding large development sites in the areas of strongest office demand, it may be that Merton should continue to focus more on medium sized office schemes, but making so such provision could risk losing some existing firms that grow.
- 8.27 In terms of meeting market and developer needs and providing adequate choice, vacancy levels are high at present and this should be less of a problem. However, most of this vacancy is in older space and there has been a limited amount of new premises built in recent years. There are also a very limited number of sites with potential for new office development within the Borough, particularly in the area where market demand is highest – Wimbledon town centre. Wimbledon is the only location in the Borough which has seen speculative office development in recent years and most future office demand would probably focus there.⁴⁶ This suggests a need to identify opportunities for adding to and improving office supply in this area.
- 8.28 While office demand is much less in the other Merton town centres such as Morden, there would be a need for more, modern office premises here if these are to develop into better balanced centres with a wider range of job opportunities. The difficulty will be in attracting such development to these less attractive and less established office locations in an era of greater developer adversity to risk and will probably need to be part of wider regeneration schemes to upgrade these centres, making them more attractive to investors and firms generally.

⁴⁶ Wimbledon town centre is identified in the London Office Policy Review (Nov. 2009) as a location where office development remains viable.

Industrial

- 8.29 From the above analysis, no quantitative need was identified for additional land for industrial uses unless a substantial part of current supply is lost to non B uses such as waste management. Indeed, the forecasts indicate a significant surplus in future. However, current vacancy levels for industrial space are below normal market levels, and market views did indicate some problems for firms finding suitable and available space for expansion or relocation even if overall demand is not particularly strong.
- 8.30 One of the main problems facing the Merton industrial market appears to be a lack of good quality modern premises, particularly for small to medium sized units. This suggests that the deliverability of industrial premises is an issue, affected by uncertain demand levels and viability of new development in this area, although nearby Boroughs such as Sutton appear to have more modern supply of this type. This suggests a need to encourage more development of modern industrial units on existing industrial sites, or upgrade older premises.
- 8.31 Qualitative improvement of industrial premises will be important to retaining a strong industrial base in the Borough even if there is no net gain in industrial space. The difficult is in achieving this and this is considered in Section 10.

Start-up Premises

- 8.32 As noted earlier, Merton appears to have a reasonable supply of small office premises although mainly in the Wimbledon area. There does, however, appear to be quite limited provision of early stage, supported, managed workspace for start-up firms, both offices and industrial activities. The current incubation facilities appear to have an uncertain future and may not fully meet future needs. This suggests examining the feasibility of further provision of this type in Merton, perhaps better located in areas requiring economic stimulus and targeted at specific sectors.

Conclusions

- 8.33 Comparison of estimated demand against identified supply indicates sufficient industrial land to meet future needs, and a significant surplus of industrial land under some demand estimates.
- 8.34 Under all demand estimates, except one based on past completion levels continuing in future, a significant shortfall of office space is likely, the amount of shortfall ranging from 13,000 - 57,000 m². In relation to the preferred level of office development identified in Section 6, the shortfall would be some 31,000 m² of office space.
- 8.35 This potential surplus of industrial space and land (up to 8.5 ha) may be negated by requirements from non-B class employment uses, particularly waste management, which could potentially locate on industrial land. These requirements are likely to be at least 2 ha and could be as high as 22 ha.

- 8.36 Some of the estimated future shortfall of office space could be met through other sites and sources of supply but it is not possible to quantify the likely contribution. These sources would include 'areas of opportunity' identified by the Merton Business Premises study, other Allocated town centre sites and intensification of existing office sites in Wimbledon town centre. However, some of these are located on industrial land and unlikely to be attractive to office occupiers while the town centre sites will also be sought for other uses and their availability for development is uncertain.
- 8.37 In terms of qualitative needs, the main shortfalls identified were for more, larger floor-plate office premises in Wimbledon town centre, small, modern industrial units and potentially more or better incubation premises for start-up firms.
- 8.38 It would also be beneficial to upgrade the stock of employment space generally and encourage upgrading of older industrial areas and new provision or sub-division to bring forward more, low cost, small scale industrial units.

Implications for the Study

- a There is a limited amount of committed or other supply of office space in the development pipeline, only about 19,000 m² is reasonably certain and quantifiable
- b Compared with estimated demand, a significant shortfall of office space is likely by 2021, the amount ranging from 13,000 - 57,000 m².
- c Any surplus industrial land from decline in manufacturing cannot be relied on to meet future office needs, partly because of its unsuitable location and partly because it may be needed for Non B uses.
- d qualitative deficiencies in supply include larger floor-plate office premises, small, modern industrial units and more or better incubation premises for start-up firms.
- e upgrading the stock of industrial premises will be important to retaining a strong industrial base in Merton.

9.0 Potential New Employment Sites

- 9.1 This section identifies and assesses potential new employment sites to meet the estimated additional requirements for employment space in the Borough indicated in the previous section.
- 9.2 As noted there, the requirement for additional provision in quantitative terms was limited to offices, with Wimbledon town centre the main focus of demand. The required amount of additional office space is in the range 13,000 - 57,000 m² but a reasonable basis for future planning would be in the order of 31,000 m². It is difficult to estimate what this would mean in terms of sites as town centre development densities vary significantly, but based on average plot ratios of 1.5 - 2.0, this could require between 2-3 ha of land.
- 9.3 As noted earlier, the future space needs of the Non B uses are likely to be met by redevelopments, conversions or within mixed use and other schemes within town centres or on surplus industrial land but it is not usually necessary to allocate specific sites for these uses.
- 9.4 In terms of identifying potential locations for new office development, Government guidance in PPS4 indicates that town centre sites, followed by edge of centre sites, should be the first choice.
- 9.5 Within a densely developed part of London such as Merton, it will be difficult to identify many undeveloped sites in or adjoining town centres capable of providing new employment site allocations. The main opportunities to identify potential new employment land might therefore be redevelopment or intensification of established office premises or other employment areas, some former utility sites, any brownfield sites likely to become available and some new provision within larger, mixed use development schemes. In addition, vacant, underused or underdeveloped sites outside the main employment areas could be considered for different or more intensive forms of B Class uses to effectively increase the available employment land supply, although this would have policy implications.
- 9.6 No specific sites other than current allocations were identified for consideration by L B Merton and systematic review of the Merton UDP Proposals Map did not identify any undeveloped sites in or beside town centres without planning constraints that would reasonably justify their consideration for office or other employment development. While future regeneration of some of Merton's town centres could potentially provide some opportunities and space within mixed use schemes, these are not well enough defined at this stage to indicate the likely scale of supply from this source.
- 9.7 Against this background, the sites investigated for meeting future office needs were limited to:
- a 16 Allocated Undeveloped sites currently identified by L B Merton which do not have planning permission for development and are therefore not

already counted under the current supply; most of these sites lie within or on the edge of town centres;⁴⁷

- b 5 plots/sites identified by the 2009 Merton Business Premises Study as having potential to provide office space; most of these were redevelopment opportunities, many within industrial areas.

9.8 These sites were inspected and assessed in a similar way to the existing sites in Section 5, using the same assessment criteria (see Appendix 4) but also taking account of ownership factors where known, and their deliverability within the plan period. Individual site assessment details for these sites are contained in Appendix 10 and their locations indicated on Plan 9.1.

Allocated Undeveloped Sites

9.9 Of the 16 allocated sites, which are all located within defined town centre boundaries, only three were assessed as having potential to provide a net increase in the office floorspace, although a further two have the potential to improve the quality if not the quantity of stock. These three sites are:

- a Land adjoining Wimbledon Theatre (6,000 m²);
- b St George Road Community Centre (3,500 m²); and
- c Thames Water Site (minimal).

9.10 Overall, together these sites could potentially deliver up to about 9,500 m² of floorspace within the plan period, but all have some constraints to delivery and could not be regarded as certain to provide this much space.

9.11 While the Wimbledon Station precincts site potentially offers a promising site for a significant amount of new office development, it is understood to be unlikely to become available for development in the plan period, while its allocation for other uses also makes it unclear how much office space would be provided within any development there.

Sites from Merton Business Premises Study

9.12 Of the 26 sites identified as offering development opportunities (“opportunity sites”) by the 2009 Merton Business Premises Study, only five were indicated as having potential to provide office-type premises that could accommodate business service or creative industries uses.⁴⁸ Many of these are industrial sites already assessed as part of the review of existing sites in Section 5 but are reconsidered here as potential office locations. Site assessment sheets are contained in Appendix 10.

⁴⁷ allocated sites identified in Schedule 1: Site Proposals of the L B Merton Adopted Unitary Development Plan (2003)

⁴⁸ The types of use considered were environmental technologies, cultural and creative industries, advanced manufacturing, business services, retail, leisure & tourism and health, welfare & education. Of these, only cultural/creative and business services would be expected to occupy office space

- 9.13 On the basis of this assessment, very few sites identified in the Merton Business Premises Survey have potential to deliver a significant net increase in office floorspace by 2021. Several have potential to deliver quite large amounts of office space beyond then but delivery is very uncertain.

Other Sites

- 9.14 The study also considered whether other opportunities to create new office space existed through redevelopment or intensification of existing employment development in town centre or edge of centre locations.
- 9.15 From a brief inspection of existing office sites in and around Wimbledon town centre, it became clear that most sites were already developed intensely and to a high level. Even if existing sites were redeveloped, in most cases, a major increase in office space would not necessarily be achieved in all cases because Wimbledon's largely suburban character and nearby residential dwellings could restrict new office buildings much higher than existing levels on some sites. The Core strategy will provide guidance on building heights in Wimbledon town centre. Some of the more attractive plots within the centre are also occupied by Victorian buildings which have some townscape merit. However, any such redevelopment would improve the quality of office space in the centre, which ought to help reduce current high vacancy levels.
- 9.16 In other centres, such as Colliers Wood, there were few large office developments but those that did exist were built to a high scale, and again redevelopment would tend to replace but not increase the amount of office space. In addition, these developments tended to be dated and largely vacant, which is not an indicator of good office demand so that the prospects of such redevelopment occurring in these other centres appears quite low in the foreseeable future.
- 9.17 Of all the centres outside Wimbledon, Morden has perhaps the best chance of developing an office market due to the presence of the Civic Centre offices, good public transport and proposals for improvements to the public realm. There is already some limited demand in this location from small, local firms. Potential locations would include on the High Street above shops but there appear few realistic prospects for new development in the short term. Other options might include redeveloping some nearby industrial land.
- 9.18 The relative quality and deliverability timescales of all the potential office development sites assessed as part of this stage are shown in Table 9.1 below.

Table 9.1 Potential Office Development Sites

Site Name (Ref)	Size (ha)	Sequential Status	Timescale (years)	Score	Deliverability of more office space *	Rank
Adjoining Wimbledon Theatre (3WTC)	0.2	Town Centre	5-10	25	Medium	Good Quality
St George Road Community Centre, Wimbledon (6WTC)	0.09	Town Centre	10+	25	Medium	
Highlands House, 165-177 The Broadway (4WTC)	0.18	Town Centre	10+	25	Low	
196-200 and 220-224 The Broadway (5WTC)	0.29	Town Centre	10+	24	Low	
Wimbledon Station Precincts (1WTC)	3.75	Town Centre	10+	23	Low	
Land r/o Morden Underground Station (1MO)	2.16	Town Centre	10+	20	Low	Average Quality
2-34 Christchurch Road, Colliers Wood (3CW)	0.12	Town Centre	10+	20	Low	
Kingston Road / Wilton Crescent, Wimbledon (N1)	0.1	Out-of-Centre	10+	20	Low	
East Side of London Road between Armfield Crescent and Locks Lane (7MI)	0.15	Town Centre	5-10	19	Low	
182-192 Colliers Wood (5CW)	0.18	Town Centre	10+	19	Low	
Burlington Road Industrial Area (E11)	2.5	Out-of-centre	10+	19	Low	
Rainbow Park Industrial Estate (E16)	2.5	Town Centre	10+	19	Medium	
Merantum Way / Christchurch Road, Colliers Wood (2CW)	1.01	Town Centre	5-10	18	Low	
South Side of Majestic Way, Mitcham (3MI)	0.41	Town Centre	10+	18	Low	
Corner of St Mark's Road and Majestic Way (2MI)	0.39	Town Centre	10+	18	Low	
Junction of Western Rd / Love Lane, Mitcham (9MI)	0.15	Town Centre	10+	17	Low	
Adjacent to Gas Works, Western Road, Mitcham (10MI)	0.1	Town Centre	10+	17	Low	
East of Holborn Way, North of Upper Green West (1MI)	0.38	Town Centre	10+	17	Low	
Bushey Road Industrial Area (E14)	3.69	Out-of-Centre	10+	16	Low	
Thames Water, Byegrove Road, Colliers Wood (7CW)	0.35	Town Centre	10+	16	Low	
Durnsford Road Industrial Area (E5A &B)	21	Out-of-Centre	10+	14	Low	Poor Quality

Source: NLP Analysis

* deliverability of net gain of office space by 2021

- 9.19 All of the sites assessed as being 'good quality' for office uses lie in Wimbledon town centre, reflecting the high levels of access to services and transport, as well as levels of market attractiveness that are significantly higher than elsewhere in the Borough. All of the other sites are considered to be of average quality, except for Durnsford Road Industrial Area, which reflects its distance from services and transport, and the existing industrial character of the area which is likely to deter office occupiers and developers.
- 9.20 Although most of the sites assessed appear reasonable office locations against the criteria used, very few appear likely to provide any new office space over the next 11 years. This largely reflects deliverability factors, with those in attractive, established office locations affected by higher development cost and ownership factors in a very risk-averse development market. Other sites which could physically accommodate office space suffer from locations in centres with no established office markets, no identified demand, unattractive surroundings and poorer images as investment locations.

Conclusions

- 9.21 There are very few potential sites or development opportunities for providing new office space in sequentially preferable locations within L B Merton town centres. This reflects its largely built-up character and strong pressures on land and allocations for other town centre uses.
- 9.22 Over 20 allocated sites and other sites identified as having office development potential by recent Council studies were assessed. Very few were found to have potential to provide more office space. In total, these sites could potentially accommodate up to 9,500 m² of floorspace but have some constraints to delivery. There are very few other sites with scope to provide significant amounts of space, and most of this would probably be longer term with delivery again uncertain.
- 9.23 Unless substantial amounts of additional space can be achieved through gradual redevelopment of existing office premises, which appears unlikely, other sources of supply will need to be considered. This could be through large, mixed use schemes or regeneration proposals for town centres, particularly if the general attractiveness of some Merton town centres can be improved and perceptions of them enhanced for office occupiers.
- 9.24 There could also be some potential from the delivery of some space on scattered sites and out-of-centre locations where they benefit from good public and/or road transport, although this may be contrary to policy. However, stimulating the development of new office space may require allowing mixed-use development and this could result in a reduction in the overall stock of floorspace.
- 9.25 Finally, it should be noted that whether the L B Merton LDF seeks to fully meet the estimated demand for office space or not, is a policy choice. If adequate land cannot be identified to meet the preferred figure, an option would be to

consider planning for a lower level of additional office requirement, perhaps with a greater emphasis on the quality of space provided.

Implications for the Study

- a Very few sites have been identified in Merton that would be suitable and able to deliver significant new office space within the plan period;
- b these identified sites have capacity for under 10,000 m² of office space but various constraints and pressures from other uses make delivery of this amount of space uncertain;
- c there appears quite limited scope to gain more office space through redevelopment of existing office buildings;
- d other sources of new supply may need to be considered, including through large, mixed use schemes, regeneration proposals for less attractive town centres and considering some out-of-centre sites;

10.0 **Managing & Delivering Employment Space**

10.1 This section considers other measures which may be required to support Merton's economic growth objectives. These relate to qualitative employment land issues such as approaches to achieving the renewal and upgrading of some existing sites or encouraging desirable forms of employment space within the constraints of a limited supply of potential new sites.

Context

10.2 The previous section indicated that it may be difficult to find sufficient, suitable new development sites to meet the estimated demand for office space in Merton town centre locations up to 2021. This raises the question of whether new office can be delivered in other ways, or in different locations.

10.3 It also indicated a need for some better quality industrial premises despite a requirement for less industrial space overall. However, potentially large pressures on industrial land from some Non B uses were also identified, which may exceed the amount of surplus industrial land that can be released to other uses. This indicates a need to maximise use of existing industrial sites and to find ways to upgrade the quality of space in a difficult development market.

Upgrading / Intensification of Existing Industrial Sites

10.4 As noted in Chapter 5, a significant proportion of Merton's existing employment sites comprise industrial areas, many with older premises outdated for modern needs or in poor condition, but have potential for renewal or intensification.

10.5 Barriers to the redevelopment of industrial premises in South London include the low rents (and the difference between newer and older space being relatively small), difficulties in securing financing for small developments (which are almost always built speculatively) and the multiple ownerships of sites in some cases which can make it difficult to secure a plot of sufficient size to justify redevelopment (small unit scheme developers often require a site size of at least 1 ha). Institutional land owners can also often be unwilling to sell off small parcels of land to developers so that there are few opportunities for developers to purchase land in the main industrial areas.

10.6 Opportunities among the scattered sites are also relatively rare, primarily as a result of what is perhaps the largest barrier to redevelopment – the residential 'hope value' of many industrial sites. This occurs when developers or investors purchase sites at a price level which assumes they may be able to develop at least some of the site for housing, and this price is significantly higher than the site is worth to a commercial developer. As a result they are priced out of the market, even though such sites are usually protected for industrial use in

planning policy. Many scattered sites are also too small to make new industrial development viable or worthwhile.

- 10.7 Such pressures from housing and other higher value uses are generally much less intense on the larger industrial areas, and as a result these are likely to have the highest potential for delivering new space over the plan period. Better utilisation of the stock on these estates could be achieved either through gradual redevelopment of individual plots (e.g. replacing a large older unit with development of modern small units for which there is good demand) or the subdivision of larger units. Based on experience elsewhere, qualitative improvements on the larger estates could also include the stripping and repainting of older industrial units, and making environmental, security and traffic management improvements through a Business Improvement District (BID) mechanism. There is a current BID at Willow Lane Industrial Area, although a proposal for one on the Morden Estate did not proceed. Similar processes of gradual upgrading should be encouraged to allow for other sites to make a positive contribution to meeting some of Merton's future growth requirements.
- 10.8 As noted earlier, the market may not deliver these improvements. Encouragement for owners/developers to do this may be necessary, and could be aided by a range of planning and economic development interventions including:
- a an LDF policy encouraging such forms of upgrading, although this will only work in combination with other actions;
 - b continued LDF policy protection for industrial sites (reducing the potential for residential 'hope value' pricing out development);
 - c Council involvement in instigating more BID approaches in other suitable areas;
 - d local initiatives to publicise to local firms case studies of successful upgrading of business premises, including costs, local contractors involved and rental or other benefits achieved;
 - e consider a more flexible approach to B1-B8 permissions on some sites; and
 - f L B Merton economic development officers engaging with owners on upgrading of premises.
- 10.9 There may also be the potential to explore different funding sources (e.g. Tax Increment Funding) and potential sources of grant aid to enable small/medium firms to upgrade premises or develop new premises if the market does not deliver these improvements. This could include a number of forms of direct Council financial support such as a Business Improvement Grant, direct lending to small firms and/or mortgage support, as well as grants to install renewable energy equipment. It is understood that such measures have been considered in L B Merton before but are not current commitments and may be harder to fund in the current economic climate but appear worthwhile as future actions.

Upgrading / Delivering New Office Premises

- 10.10 Similarly, the upgrading and redevelopment of the Borough's office stock (particularly of older space) is also important in contributing to a number of planning and economic development objectives. Firstly, a net increase in the quantum of office space can often be generated by redeveloping plots to a higher density. As noted earlier, very limited potential to gain office space in this way was identified in Wimbledon town centre. However, such redevelopments can also provide higher quality and more modern space than existed previously. This can effectively increase office supply, even if there is no net uplift in space, by increasing market attractiveness and reducing vacancy. Such qualitative improvements could also be delivered through refurbishment or re-cladding of existing buildings to some extent.
- 10.11 There are some examples of such upgrading and redevelopment having occurred in recent years, such as Swan Court on Worples Road (an old office building redeveloped to a higher density and quality) and the refurbishment of 1 St George's Road by Capsticks. However, such redevelopments only appear to have occurred in prime office areas close to Wimbledon station, with rents in other areas being insufficient to stimulate such activity.
- 10.12 As noted in the previous section, there are several potential office development sites in and around Wimbledon town centre and one at Raynes Park, although all have potential constraints. It would be beneficial for L B Merton to engage with the relevant landowners/developers to understand the prospects, timescales and amounts of office space that might emerge from these sites and what would help deliver it.
- 10.13 With regard to centres elsewhere in the Borough, such as Morden and Colliers Wood, it may be possible to improve their attractiveness to office occupiers and developers in the longer term through a combination of regeneration, encouraging mixed use development schemes, improving the range of services and facilities and general public realm improvements. It may then be possible to gradually develop an improved office market, starting with small and medium sized units and public sector office space.
- 10.14 On sites it owns, however, L B Merton could directly intervene in order to secure office development, particularly as a number of the sites identified as having potential for such use in Section 9 are in Council ownership. On these sites, the Council could investigate the potential for a joint venture with a developer in order to deliver new workspace, or where Council owned land is not in a suitable location for such development, investigate the potential for land swaps to achieve some sites more deliverable for office development.

Delivery Mechanisms

- 10.15 There are a number of other delivery mechanisms which have to potential to contribute to the delivery of more and better quality workspace and which could be investigated further by the Council.

- 10.16 Firstly, Section 106 agreements and/or Community Infrastructure Levy (CIL) from larger developments could potentially be used, either directly or indirectly, to deliver workspace. This would be subject to the regulations governing these mechanisms. This particularly applies to schemes which involve a mixed-use redevelopment of existing employment land. Provision could be either on-site or in some cases at an alternative location. There are several examples of this having already occurred in Merton, such as at 179 Merton Road where an office block was provided in conjunction with a housing development on a former industrial site.
- 10.17 Whilst this approach offers the prospect of new office space, the fact that this office scheme is currently vacant highlights some potential problems and in ensuring such provision is attractive to the market. The layout of the site and uses, particularly for mixed-use schemes, can make a significant difference to their commercial appeal, with most office occupiers wanting a relatively high profile location towards the front of a site and without any potential for amenity conflicts. Much employment space delivered through mixed-use schemes in Merton in recent years had suffered from being to the rear of sites with difficulties in terms of operating hours, residential amenity and the perception of the areas as predominantly residential rather than commercial. In addition, there are issues about matching the type of space delivered to demand in that area – e.g. medium/large corporate workspace is unlikely to be attractive outside of Wimbledon town centre.
- 10.18 Where the development lies within an area of low industrial and office demand, subject to the provisions governing such approaches, funding from sources such as CIL/S106 contributions could be pooled and used to develop workspace space on other sites, perhaps including those in Council ownership, and loans or grants to firms to support upgrading of premises. This could also potentially be used to fund further enterprise or incubation workspace, an aim of the L B Merton Economic development Strategy.
- 10.19 In areas where large-scale change is likely to be required in order to deliver workspace, an Area Action Plan, Supplementary Planning Document, Planning Brief or Development Brief may be a useful tool in bringing forward desirable forms of development and uses. This could particularly apply to sites such as the Rainbow Industrial Estate, where significant new office space is only likely to be delivered as part of a comprehensive redevelopment of the site.
- 10.20 Local Development Orders (LDS) are a further potential mechanism that could be considered in some appropriate situations. These allow Councils to identify specific areas/sites where express planning permission is not required for certain types of development. Examples applying to industrial estates, for example, could include alterations or certain levels of extensions to premises, construction of new employment premises within specified limits, and some types of change of use. In some situations, this approach could provide benefits to occupiers/developers through greater flexibility, speed, certainty of outcome and reduced cost.

- 10.21 Mixed use schemes can also be a way forward in delivering some new office space. This is more likely to be effective in larger schemes, probably in town centres, since mixed use is often not viable on small sites and for mixes of uses without residential and retail. LDF policies could encourage or require some new office space in all such schemes, particularly as a way of bringing forward modern office space in locations where the market might not otherwise provide it.
- 10.22 There have also been some indications that LB Merton planning policies in the past have been seen as inflexible in requiring specific types of B uses in a development. Developers are more likely to seek maximum flexibility across the B Use classes, particularly in a more risk verse environment, and this may be a factor deterring sites being developed for industrial space. Consideration could be given to greater flexibility on a site by site basis.

Conclusions

- 10.23 Previous sections of this report have highlighted the need for a quantitative increase in the office stock and a qualitative improvement in the industrial and office stock. However, barriers to the redevelopment/improvement of industrial sites in particular are acute, primarily as a result of low commercial values and competing higher value uses. A number of planning and economic development interventions could significantly improve the level of development and premises renewal activity including continued policy protection for B-class land, use of BID schemes, a more flexible approach to B1-B8 permissions and engaging with land owners.
- 10.24 Some redevelopment of the office stock may begin to occur again in Wimbledon town centre without intervention as market conditions improve following the recession. The prospects of this development activity occurring in the Borough's other town centres in the longer-term will depend on their regeneration, general enhancement and improvements in service provision.
- 10.25 A number of mechanisms can be used to facilitate the delivery of workspace, some of which have been used by Merton in the past. These include using mixed use developments, S106 agreements and/or Community Infrastructure Levy to pay for workspace either on-site or off-site. However, any new provision should ensure that the layout, location and type of space is attractive to the market rather than purely focusing on the quantum of space delivered.

Implications for the Study

- a There are significant barriers to upgrading or renewing older industrial premises in the Borough;
- b A range of mechanisms could be considered to encourage or support such upgrading;
- c Where new office space is provided as part of a mixed use scheme, careful site layout and a focus on quality rather than quantity of space is important;
- d L B Merton should explore constraints, timescales and amounts of office space that could be delivered on the few potential sites identified in Wimbledon and Raynes Park;
- e For centres other than Wimbledon, bringing about significant new office development will involve improving their attractiveness through a combination of regeneration, mixed use schemes, improved services and facilities and public realm improvements;
- f Pooling of funds from S106/CIL sources could be used to support upgrading of older premises and provision of new employment premises, including incubation space;
- g Area Action Plans or other types of Supplementary Planning Documents may be appropriate to guide and bring forward new employment space on larger sites.

11.0 Overall Conclusions

- 11.1 The following key conclusions can be drawn from this study on the adequacy of current employment land supply in Merton and the future requirements for employment space in the period up to 2021, both for B and Non B class uses.

Current Employment Sites

- 11.2 The study assessed 16 Strategically or Locally Significant Employment sites, primarily medium and large sized industrial estates, which account for just over 167 ha of land. Six of these larger sites are of good quality, the remaining 10 of average quality, with none unsuitable for continuing employment use.
- 11.3 Some 133 smaller, scattered employment sites were also assessed, some 30% of the total number in Merton, and these account for 9.6 ha of employment land. About 22% of these (30 sites) were categorised as good quality and suitable for their current uses as well as other) employment generating uses without any intervention. Most (60%) were of average quality, largely occupied and adequate for continued economic use.
- 11.4 Only 18% of the scattered sites were considered to be of lower quality, often suffering from poor access, constraints from immediately adjoining uses, very small site areas that are difficult to develop or generally poor conditions and local environment. However, most of these are occupied and appear to serve a local need for lower cost employment uses and do not justify release to non economic uses or offer many opportunities for providing residential development.
- 11.5 However, it is difficult to see that many of these scattered sites will be redeveloped or upgraded to provide more modern employment premises, partly because sites under 1 ha are often more difficult to support viable development schemes and partly because of pressures for higher value uses that could deter new investment. Over time, many are likely to become less viable as employment premises unless some form of intervention is undertaken or strong encouragement given to providing more modern space.

Future Requirements for B Class Space

- 11.6 Using different approaches, such as forecasts of job growth and past completion rates, four different estimates of future employment space requirements have been prepared. A further benchmark estimate was based on growth in labour supply. Three of these estimates indicate significantly higher levels of employment development than Merton has achieved in the recent past.
- 11.7 These estimates indicate a requirement for between 12,200 and 75,800 m² of office space up to 2021. Under most of the estimates, significantly less

industrial space would be required, as losses of B2 space outweighed demand for more B8 space. Overall, this implies a requirement for somewhere between 2.2 ha more and 8.1 ha less employment land.

- 11.8 With the current uncertain economic outlook, it may be that a combination of these different estimates would best reflect future needs. Planning for in the order of 50-60,000 m² more office space appears broadly consistent with market views on what the area can achieve and this sort of level would help the Borough realise its economic potential. Future losses of industrial space are considered likely to be less than implied by the more pessimistic job forecasts or a continuation of past trends, and a loss in the order of 15,000 – 20,000 m² would be a reasonable basis for planning. This should not prevent the need for some modern industrial space to be delivered.

Development Needs of Non B Class Uses

- 11.9 Non B uses currently account for just over half of all employment in Merton and slightly more jobs than the B class sectors. Given the likely continued decline of the manufacturing sector in future, and limited sites to accommodate growth in office based jobs, the non B Class uses might have been expected to make a greater contribution to future job growth in Merton. However, they are forecast to produce only modest job growth and fewer additional jobs by 2021 than B class office employment, and the Non B sectors' share of all jobs in Merton is anticipated to remain at around its current 55%.
- 11.10 In terms of future land needs for these sectors, there may be a sizeable requirement of almost 20 ha for waste processing, but this is not certain at this stage and the need could ultimately be met in another borough. Land requirements for other sectors are likely to be modest, partly because many will utilise land already held by the relevant provider or because the use can be incorporated within mixed use developments, often in town centres. There could be a modest requirement (2-3 ha in total) for education, retail warehousing and hotel uses. Some of these requirements could potentially seek to utilise existing industrial land.

Demand/Supply Balance

- 11.11 Estimates of future requirements for both B and Non B uses were compared with identified and committed employment space to identify any additional land needs. This indicates sufficient industrial land exists to meet future needs, and a significant surplus of industrial land could arise from continued decline in manufacturing uses.
- 11.12 Under all demand estimates except one based on recent rates of completions continuing, a significant shortfall of office space is likely, the amount of shortfall ranging from 13,000 - 57,000 m². To match the office space requirement identified by the study as a reasonable basis for future planning, up to 41,000 m² more space would be needed.

- 11.13 The potential surplus of industrial space and land (up to 8.5 ha) may be partly utilised by requirements from non-B class employment uses such as education and waste management, which could potentially locate on industrial land. Indeed, depending on waste management needs, such requirements could, in the worst case, exceed the amount of surplus industrial land emerging over the next 11 years, and limit the scope for release to residential uses.
- 11.14 In terms of qualitative needs, the main requirements identified were for some larger floor-plate office premises in Wimbledon town centre, more, small modern industrial units and potentially more start-up/incubation premises for start-up firms.

Potential New Sites

- 11.15 The future requirement is primarily for more office space but there are very few potential sites or development opportunities for providing this in sequentially preferable locations within Merton town centres. This partly reflects the Borough's largely built-up character and strong pressures on land and allocations for other town centre uses but also low office demand in some centres.
- 11.16 Some of the estimated future shortfall of office space could potentially be met through allocated town centre sites, 'areas of opportunity' identified by the 2009 Merton Business Premises study, and intensification of existing office sites in Wimbledon town centre. However, some of 21 potential sites are located on industrial land and unlikely to be attractive to office occupiers while the town centre sites will also be sought for other uses and their availability for development is uncertain.
- 11.17 Very few current town centre sites were identified as having office development potential and these could potentially accommodate up to 9,500 m² of floorspace. However, these sites are not certain to come forward or deliver that amount of office space within the plan period. In the longer term, some existing industrial sites could have scope to provide 15-20,000 m² more office space.
- 11.18 Unless substantial amounts of additional space can be achieved through gradual redevelopment of existing office sites, which appears unlikely, other sources of supply will need to be considered. This could be through large, mixed use schemes or regeneration proposals for town centres, particularly if the general attractiveness of some Merton town centres can be improved and perceptions of them enhanced. Some new office space could potentially be provided on larger scattered sites, although this would be relatively small scale and typically in out-of-centre locations where public transport would need to be improved.

More Effective use of Current Supply

- 11.19 With a shortage of development sites and an older industrial stock, other measures need to be explored to bring about a quantitative increase in the office stock and a qualitative improvement in the industrial and office stock.
- 11.20 There are significant barriers to the redevelopment/improvement of industrial premises, primarily as a result of low commercial values and competing higher value uses. A number of planning and economic development interventions could significantly improve the level of development and premises renewal activity. These include: continued policy protection for B-class land; policy encouragement for upgrading; use of Local Development Orders to relax planning requirements within specified industrial areas; further use of BID schemes; a more flexible approach to B1-B8 permissions; and grant aid to enable small/medium firms to upgrade premises if the market does not deliver these improvements.
- 11.21 While there appears quite limited scope to gain more office space by redeveloping existing premises in Wimbledon town centre, this could at least provide higher quality and more modern space and effectively increase office supply, by increasing market attractiveness and reducing vacancy. Such qualitative improvements could also be delivered through refurbishment or re-cladding of existing buildings to some extent.
- 11.22 It would be beneficial for L B Merton to engage with the relevant landowners/developers of potential office development sites in and around Wimbledon town centre and at Raynes Park to understand the prospects, timescales and amounts of office space that might emerge from these sites and what would help deliver it. For centres other than Wimbledon, improving their attractiveness for office development will probably require a combination of regeneration, mixed use schemes, improved services and facilities and public realm improvements.
- 11.23 A number of mechanisms can be used to facilitate the delivery of new or upgraded workspace, some of which have been used by Merton in the past. Subject to the regulations regarding S106 Obligations and Community Infrastructure Levy (CIL), pooling of funds from S106/CIL sources could be used to support upgrading of older premises and provision of new employment premises, including incubation space.
- 11.24 New office space could also be encouraged/required as part of larger mixed use schemes but any new provision of this type should ensure that the layout, location and type of space is attractive to the market rather than purely focusing on the quantum of space delivered. Area Action Plans, along with other approaches, may be appropriate to bring forward new employment space on larger sites.

Release of Sites

- 11.25 Release of lower performing undeveloped employment allocations to alternative uses should be considered if they have failed to attract development interest after some years or offer limited prospect of delivering any employment floorspace within the plan period. However, a very cautious approach should be taken to release of employment sites in Merton to non B Class uses due to the difficulty of finding new sites. In addition, many of the lower quality employment sites are occupied and serve a local need at some level.
- 11.26 Only four out of the sample of 133 scattered sites were identified as candidates for release to other uses such as housing, on the basis that they are unoccupied and have strong constraints on new employment development or re-occupation by employment generating uses. These amounted to only 0.3 ha of land in total. There was also only 0.2 ha of undeveloped land among these sites. This suggests the likely housing contribution from unsuitable scattered sites will be small.

Monitoring

- 11.27 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. Specific items which it could be useful to monitor are listed below. It is understood that some of these are already monitored by L B Merton 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 is 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 waste management;
 - d any on-going deficiencies in provision for specific types of employment premises e.g. small, low cost, business or industrial units.
- 11.28 In addition, this study was prepared at a time of major economic change in the UK, just after a severe recession. While the study made some allowances for this, it is possible that national economic recovery will change the current picture of current supply and future requirements for employment space. For these reasons, it is recommended that this study be updated within a reasonable period, such as 4-5 years from now.