

London Borough of Harrow Employment Land Study

Please note that the following Harrow Employment Land Study (Nov 2006) represents the views of the consultants commissioned by Harrow Council to prepare it. The Council has not as yet come to any conclusions as to the validity (or otherwise) of the conclusions and recommendations made within the study.

Following consultation on the Harrow Employment Land Study which closes on February 23 2007, the Council will consider the study along with any comments received as part of developing the Preferred Options for the Harrow Core Strategy.

Please contact the Policy and Research Team on 020-8736-6034 if you would like any further information.

5 January 2007

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Final Report

London Borough of Harrow Employment Land Study



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Employment Land Study

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EXECUTIVE SUMMARY

Purpose

URS in partnership with GVA Grimley were commissioned by Harrow Council to undertake an employment land review to assess the quantity, quality and viability of the Borough's employment land supply and forecast the future demand for employment land over the next planning period.

This employment land study will provide a tool, based on sound methodology and robust analysis, for Harrow Council to use for future planning aimed at providing sustainable economic development across the Borough.

Approach

The study area included the whole of LB Harrow but the analysis focussed mainly on the Borough's Industrial and Business Use Areas and Business Use Areas as identified in LB Harrow's Unitary Development Plan 2004. Some additional locally important employment sites were also identified through a business mapping exercise and were included in the analysis.

The following elements of work informed this study and our recommendations:

- Review of relevant national, regional and local planning policies and related background studies
- Socio-economic and business profile of the Borough
- Commercial property market overview
- Analysis of employment land supply data
- Qualitative assessment of identified employment clusters
- Employment land demand forecast
- Conclusions and recommendations

Employment and Business Profiles

In 2005 65% (138,300) of LB Harrow's population were of working age and 78% of those people were economically active. This is greater than the economic activity rate for London (74%) but less than the rate for the South East (82%).

Proportionally, LB Harrow's workforce is generally employed in the same types of occupations as seen across London with a slightly greater proportion employed in professional occupations. As a result there tends to be a high level of out-commuting taking place as people leave to go to jobs that match their skills outside the Borough.

The economy of Harrow has experienced continued growth over the last decade. The Borough has seen an increase in employment across a variety of sectors highlighting the fact that Harrow's economy is not dominated by one particular sector. The number of people employed within the Borough has increased by almost 10% between 1995 and 2004 with the business services, health and education sectors driving the growth. The

manufacturing sector has experienced employment declines though to a lesser degree than seen nationally.

The Borough benefits from a high level of entrepreneurship reflected in the number of new business starts and a relatively high number of self-employed workers. The Annual Business Inquiry also gives a good indication of the changing business activity in the Borough. Since 1995 the number of firms providing business services has increased by almost 65%. Such activities include professional consultancy services, architectural and engineering, research and development and other miscellaneous activities.

National, regional and sub-regional analysis shows that there are sectors in Harrow that are growing and have a potential comparative advantage for operating there. These sectors tend to employ more people in Harrow than would generally be expected in comparison to employment in the wider region. In comparison to the West London Sub-Region the retail, financial and business services, health and education sectors all show a potential advantage for operating in LB Harrow. An economic development strategy for the Borough might be to nurture and enhance the growth of these sectors.

There is a strong Creative Industries presence in LB Harrow with recent research indicating there are around 2,269 Creative Industries firms employing over 5,100 people in Harrow. Again micro and sole businesses are found to form the bulk of creative businesses operating in LB Harrow.

The Employment Land Market

The industrial land market overview showed there has been a small reduction in industrial development within Harrow between 1993 and 2004 though in the last four to six years there has been a net increase in development. Actual take-up of floorspace in Harrow indicates an annual demand level of 1,500 sq m, and based on the composition of the industrial employment base in the Borough the majority of this is likely to be for manufacturing or small-scale warehousing related floorspace. Whilst an analysis of take-up split by quality of floorspace has not been possible, based upon current supply patterns and the general nature of the industrial market in Harrow approximately 10%-20% of industrial demand could be associated with newly developed or refurbished floorspace.

In contrast to national and regional trends there has been an overall reduction in office development between 1993 and 2004 of approximately 5,700 sq m per annum. However, this may represent a re-adjustment of the market.

The floorspace stock change data suggests a more substantial decrease in stock between 1998 and 2004. There also appears to have been a rationalisation of some of the office stock in Harrow, resulting in the change of use of office (B1) space to alternative uses such as education and residential.

The implication from this is that there may be limited demand for a net increase in office floorspace in Harrow over the next few years, however this is not to say that new development is not needed – in fact new development might encourage more occupational demand by providing a more modern product for tenants. Over the longer

period, however, office floorspace demand will be influenced by employment changes in office-related sectors of the economy.

Take-up of office space has averaged approximately 5,700 sq m per annum in Harrow between 1995 and 2005 and the trend is for an increase in activity across this period. The three years between 2003 and 2005 in particular saw a noticeable increase in take-up, especially in the 465 to 1,850 sq m category. This size category also has the largest proportion of new/refurbished floorspace, emphasising the importance of having a stock of appropriate size and attractive premises available on the market.

Employment Land Survey

We carried out a desk-based review and mapping exercise of all the existing employment areas within LB Harrow in order to identify potential sites to be targeted for the survey, along with the broad employment area opportunities and constraints. Sites included those listed in Policy EM13 '*Land and Buildings in Business Use*' and Policy EM14 '*Land and Buildings in Business, Industrial and Warehousing Use*', a number of non-designated areas where there are concentrations of employment as well as sites identified for potential employment development in Harrow's UDP 2004.

A total of twenty-five employment clusters and nineteen potential development sites were agreed for inclusion in the survey. These covered a diverse range of sites comprising approximately 76 hectares of land in industrial, distribution and office use and 30 hectares of land for potential development.

The results of the survey indicate a healthy stock of employment land and premises and it was apparent that business clusters were well occupied and were providing an active business environment for a variety of different businesses. The majority of business clusters benefited from good access to public transport and surrounding services and amenities.

Business clusters were assessed as generally being in good condition though some of the premises appeared to be slightly dated and getting run down. While predominantly located on A-roads, which would generally suggest good access to the trunk road network, the routes are often very congested especially during peak times. Many clusters suffered from very congested internal roads with car parking being a significant issue. The areas along the elevated railway tracks and in the railway arches were particularly congested and not very well maintained.

The land available for potential development, including UDP proposal sites were generally vacant and underused sites or Council managed car parks. Some exceptions include Gayton Road Public Library, Harrow-on-the-Hill Station, and some sites with temporary uses. The majority of sites were located near to town centres and had good public transport accessibility.

Employment Land Demand Forecast

Future employment land demand has been forecast using a synthesis approach based on:

- Sub-regional floorspace trends
- Sub-regional employment forecasts based on macro-economic forecasting
- Local factors

The sub-region used in the forecasting is the political boundaries of the West London Sub-Region and includes the Boroughs of:

- Harrow
- Brent
- Ealing
- Hammersmith & Fulham
- Hillingdon
- Hounslow

The results of the forecasting exercise indicate that there is scope for the overall release of between 8 and 20 hectares of land, which could be largely met by releasing some of the land with development potential. This would result in a more sustainable level of land available for development providing opportunities for new businesses or in-situ growth and movement of existing business. Demand for industrial land (B2 and B8) is forecast to be relatively stable ranging from a potential release of up to six hectares to a potential demand of three hectares. The forecasts indicate a potential demand for between four and six hectares of land for office space (B1 which could include some B1c light industrial use).

Conclusions and Recommendations

Conclusions

Office (B1) Land Use

Between 1998 and 2004 the office stock in Harrow reduced by around 4%, which is in contrast to the gains experienced across the West London Sub-Region and London in general. However, it appears the reduction in office stock may reflect a re-balancing of the office property market, which saw above average development rates in the 1980s and 1990s. A brief analysis of employment densities indicate that average employment densities increased from about 20 sq m in 1998 to 18 sq m in 2004 which is more in line with industry standards.

The losses have generally involved the redevelopment of poorly located and unsuitable specification offices to other or mixed-uses. The majority of Harrow's office stock was built between 1940 and 1990 and there is a particularly high proportion built between 1970 and 1990.

Demand for office space in Harrow is generally low with relatively high vacancy rates, though more recently the average annual rate of take-up increased from 2,500 in 1995 to 9,000 sq m in 2005, well over the rise in take-up rates for the Local Property Market Area. Currently there seems to be mismatch between office supply and office demand with the relatively poor quality office space on the market not meeting demand for better quality office space. A general view attained from property agents contacted as part of the market analysis was that demand is likely being suppressed due to an overall supply constraint related to the quality and location of existing stock. Another element of the perceived supply constraint appears to be related to the size of available premises. Harrow shows a higher proportion of take-up for smaller size units but as of December 2005 there was no new or refurbished stock available on the market. Therefore some new development of more appropriate sized premises in more suitable locations could increase demand by providing a more attractive product for businesses.

Based on the forecasting exercise there is a potential future requirement for between four and six hectares of additional land for office development in LB Harrow. The office-based sectors (mainly financial and business services) are predicted to grow significantly in London over the next few years and there is no reason why LB Harrow should not have a share in this increase. LB Harrow is indeed predicted to see financial and business services employment grow by 5,200 jobs by 2016.

As mentioned in Section 2.3 B1 use encompasses offices, research and development and light industrial units. However, in terms of the forecasts there is stronger correlation between growth in the types of business services that would require B1 office space as opposed to the other uses. LB Harrow maintains a high proportion of highly skilled workers that occupy professional occupations most likely as part of office based employment. More of these types of jobs located within the Borough would provide the opportunity for people work closer to home and promote a better live-work balance.

There are also a high proportion of people working from home and other small businesses that could influence future demand for space as their business grow and need space for expansion. It is anticipated that the majority of the potential demand could be met by developing a number of town centre UDP proposal sites into mixed-use high-density developments or by retaining an element of B1 space in the redevelopment of existing office sites.

Factory (B2) Land Use

Employment in manufacturing in LB Harrow declined by 28% between 1999 and 2004, which is reflective of wider sub-regional trends. However, there are still proportionally more people employed in manufacturing than would be expected in light of the continued declines in that sector. This may be due to the presence of a few large employers such as Kodak and Katie's Kitchen operating in the Borough.

However, contrary to sub-regional and London trends there has actually been an increase in factory (B2) floorspace of around 10% over the same time period. This occurrence has led to average employment densities decreasing from 35 sq m in 1998 to 55 sq m in 2004 – well above benchmarks figures of 30 to 35 sq m per person. This high

level of provision of manufacturing floorspace in the Borough is unlikely to increase significantly over the next decade but new stock may still be built to accommodate demand for better or expanded premises.

The demand forecasts indicate a potential release of up to three hectares of factory floorspace. This would generally relate to the further re-adjustment of employment and floorspace needs to achieve a more sustainable level of floorspace provision in the Borough.

Information on the take-up of available supply indicates that existing demand is most likely to be focused on smaller, good quality units. Our property market analysis indicated that in the past demand may not have been entirely met due to factors such as quality, location and size constraints. Taking this into account the forecasts provide a potential future demand ranging from a release of three hectares to a potential requirement of up to three hectares.

Warehouse (B8) Land Use

Employment in distribution jobs largely represented by the wholesale and transport and communication sectors, decreased by 15% between 1994 and 2004 and further declines are expected up to 2016.

Harrow is surrounded by local authorities that have significant amounts of warehousing floorspace with better connections to the road network, which are more likely to be the focus of any potential distribution activity in the sub-region. Based on the forecast warehouse floorspace is predicted to decline across the sub-region by 2.9% per annum up to 2016. However, the market commentary revealed that there could be an element of unmet demand for smaller scale distribution units in LB Harrow. Discussions with property agents suggested that many newly developed B2 premises are actually being used for small-scale warehouse related activities such as distribution. These factors are reflected in the locally adjusted forecast. In LB Harrow, the average annual change in warehousing floorspace is forecast to decline but at a slower rate than the sub-region resulting in the potential release of up to three hectares of land for alternative uses.

Recommendations

Full justification for all recommendations can be viewed in Chapter 9. A summary of our specific recommendations, based on all elements of this study, include the following:

- All land currently designated in LB Harrow's Industrial and Business Use Areas and Business Use Areas in industrial use (B2 and B8) should be protected for employment generating activity (subject to Recommendation 2).
- Where a large (or part thereof) employment site currently occupied by a single enterprise becomes vacant, the Council should determine the future of the site based on the outcomes from this study and a separate review of the site's future. This review should assess the sites specific circumstances, its context, and the ability to maximise employment on the site as part of any future uses. A large employment site in this context is considered to be a site greater than 3 ha in size.

- Office (B1) uses should be encouraged as part of the redevelopment of town centre sites, including as part of mixed-use developments where appropriate. This should be supported by improvements to the environmental quality of town centres, particularly Harrow Town Centre.
- All existing office uses should be protected unless their quality and/or location do not meet current and projected future demands for office space in Harrow. The Council should develop criteria based policies, based on this study, which seek to provide guidance in implementing this policy.
- Encourage the provision of premises for small and medium sized enterprises and start-up businesses.
- The Council should monitor the release of potential developable land in a systematic way to ensure that sufficient land is available for economic growth.

1. INTRODUCTION

1.1. Context and Purpose

URS in partnership with GVA Grimley were commissioned by Harrow Council to undertake an employment land review to assess the quantity, quality and viability of the Borough's employment land supply and forecast the future demand for employment land over the next planning period.

This important piece of work will inform the policies in Harrow's emerging Local Development Framework (LDF) and provide an evidence base to support Council's decisions on planning applications and appeals. The mounting pressure to increase the supply of housing, emphasised in national Planning Policy Guidance (PPG) 3, coupled with the need to allocate land for commercial and industrial growth, set out in PPG4, make it essential for local authorities to take account of available land and assess the demand for such land.

This employment land study will provide a tool, based on sound methodology and robust analysis, for Harrow Council to use for future planning aimed at providing sustainable economic development across the Borough.

1.2. Study Area

The study area included the whole of the London Borough of Harrow (LB Harrow) focusing on established business and industrial areas as well as sites designated for employment development in Harrow's 2004 Unitary Development Plan (UDP). A broad range of land and premises were assessed including large industrial estates, factories, railway arches and office premises.

1.3. Report Structure

The report sets out our approach to employment land analysis, the key findings from the analysis and the conclusions and recommendations based on the key findings. This detailed employment land review is based on a comprehensive desk-based policy review and socio-economic analysis providing a baseline employment and business profile for the Borough; individual employment site appraisals providing both a quantitative and qualitative assessment; a review of historical trends in the commercial and industrial property sectors highlighting changes to stock, development activity and availability; and a synthesis forecasting exercise bringing together macroeconomic employment forecasts and historic trends in floorspace completions with local factors and policies effecting employment and development in Harrow.

The remainder of this report is structured as follows:

- Section 2 provides further detail of our approach to the various research elements of the assignment

- Section 3 describes the national, regional and local policy context of particular relevance to employment land and related issues in the London Borough of Harrow
- Section 4 provides a comprehensive analysis of socio-economic baseline conditions in the London Borough of Harrow relative to London and the South East
- Section 5 provides an analysis of the local employment and business structure of the London Borough of Harrow relative to London and the South East; and provides more detailed analysis of emerging growth sectors and other employment trends
- Section 6 provides the employment land market overview outlining the historical trends in the commercial and industrial property sectors
- Section 7 summarises the key qualitative and quantitative results of the employment land cluster appraisals
- Section 8 sets out our employment land demand forecasts
- Section 9 sets out our conclusions and recommendations

2. APPROACH

2.1. Introduction

There are a number of research elements informing this study, which are outlined in more detail below. These include:

- Socio-economic analysis, local economy and business profile
- Employment land survey and appraisal
- Property market assessment
- Supply and demand analysis

2.2. Socio-economic Analysis, Local Economy and Business Profile

A socio-economic analysis was undertaken of the London Borough of Harrow set within the context of London and the South East in order to provide an in-depth understanding of the current population and socio-economic make-up of the Borough. A number of information sources were reviewed including:

- Census Data
- Annual Population Survey
- Annual Business Inquiry
- Local Labour Force Survey
- VAT Registrations

In addition a baseline assessment of the existing economic structure and key trends in employment related development was completed. This work involved:

- A review of historical employment information for the Borough, including information on workforce characteristics, unemployment, occupation, earnings and travel to work information
- A review of Harrow Council's Employment Land Review 2001
- A review of the local economy and business trends within the Borough
- A detailed analysis of identified growth sectors

2.3. Employment Land Survey

This work began with a desk-based review of all the existing employment areas. Employment land in this instance refers only to land in use classes B1a (Office), B1b (Research and Development), B1c (Light Industry), B2 (General Industry), and B8 (Storage and Distribution). Throughout this report employment land is more generally referred to as land in office, factory and warehouse use.

URS reviewed the information provided by Harrow Council on the location and types of businesses operating in LB Harrow as well as analysing data provided on past completions within the Borough. URS then completed a mapping exercise where all businesses recorded in Harrow's 2005 Commercial Registry were mapped via GIS

reference coordinates in order to identify potential business clusters to be targeted for the survey/site appraisal element of the study.

The consultancy team then met with officers of Harrow Council to discuss and agree the clusters to be included in the survey. At this point 25 employment clusters and 19 development sites were agreed for inclusion in the survey (Scheduled in Table 7-1). These were made up of existing business and industrial use areas as set out in Harrow's Unitary Development Plan (2004), some locally important employment sites and sites designated in the UDP for employment development.

Strategic Site Appraisal Criteria

The employment clusters were visited and surveyed using an agreed set of strategic site appraisal criteria in order to test fitness for purpose and sustainability. The criteria used are based on our experience of similar studies and the 2004 ODPM Employment Land Reviews Guidance Note. They include:

- Existing employment use/activity
- Strategic access (external and internal road access and access to public transport)
- Neighbourhood issues (i.e. noise and air pollution, smell, HGV traffic, etc)
- Amount of vacant and derelict land and/or buildings (including mapping relevant sites)
- Quality of environment (streets, public realm, lighting, etc)
- Servicing and parking (on or off road, congestion)
- Building conditions (as a percentage of all buildings within the cluster)
- Proximity to other land uses (i.e. residential, retail, etc.)

The surveyors used a questionnaire to complete the survey. The questionnaire included a series of tick-box style and open-ended questions. This approach allowed for a qualitative and quantitative analysis to be undertaken.

Surveyors were also equipped with a map of each cluster and were instructed to outline any potential development areas based on their visual assessment of, for example, vacant/derelict land and/or buildings or large underutilised car parks. Where development had occurred since the production of the maps used for the survey, surveyors were instructed to redraw the boundaries when development was for non-employment use or mark the type of employment development that had occurred. This element of the survey provides Harrow Council with accurate and up-to-date site-specific information on employment development activity in the Borough.

Prior to going on site surveyors attended a briefing and were given a 'survey pack' which included guidance on how each of the different questions should be completed to ensure that questions were answered consistently throughout the survey. The strategic site surveys were completed in February 2006. Copies of the cluster survey and development site survey questionnaires are included in Appendix A.

2.4. Market Overview

The primary focus of the market overview has been to examine changes in the total stock of commercial and industrial floorspace, past development rates and the potential supply of property to meet future demand. Property markets do not necessarily follow political boundaries. Nevertheless, local authorities are a primary unit of data analysis and so have been used as a basis for carrying out the property assessment.

To allow an analysis along political boundaries as well as providing an understanding of the property markets involved we have analysed data on four levels:

- The London Borough of Harrow
- The Local Property Market Area
- The West London Sub-Region
- The Regional Property Market Area

The analysis has also distinguished between the industrial and office property markets. However, the distinction between and within these markets is not always straightforward in planning terms as reflected in the Use Classes. Broadly, however, we have taken industrial property to be reflected by B2 and B8 Use Classes, and office property to be reflected by the B1 Use Class, although reference to the A2 Use Class is made as appropriate.

2.5. Supply Analysis

URS carried out an exercise to collate information on the amount of employment land in the London Borough of Harrow using information provided by the Council and further information gathered through the site assessment survey to determine the total amount of land in employment use. As part of this exercise we also identified the amount of land available for potential development, which included UDP proposal sites identified by the Council and vacant sites or sites with vacant and/or derelict buildings as identified through the employment land survey.

URS together with GVA Grimley determined the stock of existing office and industrial floorspace in the Borough through a detailed analysis of Valuation Office Agency (VOA) data on rateable commercial floorspace. The stock of premises currently on the market was determined via GVA Grimley's in-house property market database.

2.6. Demand Forecasts

A number of different techniques can be used for forecasting future demand of employment land, each with their own strengths and weaknesses. The decision was therefore taken to adopt a synthesis approach that is based on:

- Sub-regional floorspace trends
- Employment forecasts based on macro-economic forecasting

- Local factors

For the purpose of this study we have used the political boundaries of the West London Sub-Region including the Boroughs of:

- Harrow
- Brent
- Ealing
- Hammersmith & Fulham
- Hillingdon
- Hounslow

VOA data was used to assess the changes in floorspace between 1998 and 2004. This analysis was carried out for the sub-region as well as for the individual LB Harrow. The historic trends were used as the bases for a linear forecast.

The linear floorspace forecast was then adjusted using employment forecasts published by the GLA. The GLA publishes total employment projections by sector for all of Greater London and total employment projections by borough but not on a borough-by-sector level. We have applied a mathematical model to break down the employment projections to a borough-by-sector level.

In a next step local factors were taken into account to align the employment land forecast with the specific economic, property and political situation of the LB Harrow.

3. POLICY AND LITERATURE REVIEW

3.1. Introduction

This section provides an overview of the policies and strategies relevant to employment and employment land in the London Borough of Harrow. It also includes a review of key research reports including those supporting national and regional policy development.

3.2. National

Planning Policy Guidance Notes (PPGs) and Planning Policy Statements (PPSs) provide a national guidance framework setting out a range of planning principles and objectives on specific topics.

3.2.1. PPS1: Delivering Sustainable Communities

PPS1 emphasises the important role that the planning system has in the delivery of sustainable development. It encourages local authorities to recognise wider sub-regional, regional and national benefits of economic development and consider these alongside any adverse local impacts.

Reference is given to the UK's strategy on sustainable development, which emphasises the role of planning to provide attractive places to live and work and development patterns that minimise the need to travel.

3.2.2. PPG3: Housing

PPG3¹ has three key objectives: widening housing opportunities and choice; maintaining the supply of housing; and creating sustainable residential environments. The guidance promotes the efficient use of land for housing development through re-use of previously developed land and empty properties and the conversion of non-residential buildings for housing to meet housing demand and minimising the amount of green field land being taken for development. It provides advice on the provision of affordable housing as a means of creating mixed and balanced communities.

The update to PPG3 in January 2005 has increased the pressure on employment land putting the onus on local authorities to prove the demand for such land. The new paragraph 42 (a) states:

'Local planning authorities should consider favourably planning applications for housing or mixed use developments which concern land allocated for industrial or commercial use in saved policies and development plan documents or redundant land or buildings in

¹ Released in 2000, Update January 2005

industrial or commercial use, but which is no longer needed for such use, unless any of the following apply:

- *the proposal fails to reflect the policies in this PPG (including paragraph 31), particularly those relating to a site's suitability for development and the presumption that previously-developed sites (or buildings for re-use or conversion) should be developed before greenfield sites*
- *the housing development would undermine the planning for housing strategy set out in the regional spatial strategy or the development plan document where this is up-to-date, in particular if it would lead to over-provision of new housing and this would exacerbate the problems of, or lead to, low demand*
- *it can be demonstrated, preferably through an up-to-date review of employment land¹ (refer to Annex D for practice guidance), that there is a realistic prospect of the allocation being taken up for its stated use in the plan period or that its development for housing would undermine regional and local strategies for economic development and regeneration.'*

3.2.3. Draft PPS3: Housing

The ODPM is in the process of replacing many of their PPGs with Planning Policy Statements (PPSs) and the ODPM has recently produced its draft PPS3 (Housing). PPS3 has been developed after a review of the implementation of PPG3. Once adopted PPS3 will replace PPG3 as the planning strategy for housing in England.

With regard to employment land and employment land review paragraph 41 states:

'When considering planning applications for housing which are received in advance of the relevant development plan document being reviewed (particularly first development plan document), local planning authorities should take into account the policies in this statement as material considerations, as they may carry greater weight than the relevant policies in the development plan. In these circumstances or for sites not allocated in the development plan, local planning authorities should consider favourably planning applications for housing development:

- *where there is evidence of an imbalance between housing demand and supply, having regard to affordability issues and housing market conditions*
- *if the site is suitable for housing development (including land allocated or previously used for industrial or commercial use, which is no longer needed for that use – as demonstrated by an up-to-date review of employment land)*

- *the planning proposal makes efficient use of land, offers a good housing mix, is of high quality design and does not have an unacceptable impact on the environment.'*

3.2.4. PPG4: Industrial, Commercial Development and Small Firms

PPG4 takes a positive approach to the location of new business developments and assisting small firms through the planning system. The main message is that economic growth and a high-quality environment have to be pursued together. The locational demands of industry should be a key consideration in drawing up plans. It also notes policies within the development plans should provide for choice, flexibility and competition in allocating land for industry and commerce. Development plans should weigh the importance of industrial and commercial development with that of maintaining and improving environmental quality.

3.2.5. PPS6: Planning for Town Centres

PPS6 focuses on ways to promote town centre vitality and viability, such as:

- planning for the growth and development of existing centres
- promoting and enhancing existing centres, by focusing development in such centres
- encouraging a wide range of services in a good environment, accessible to all

The PPS highlights the need to make efficient use of land and encourages well-designed, higher density, multi-storey development within and around existing centres. It also encourages local authorities to make better use of existing land and premises and suggests the need for redevelopment where appropriate.

3.2.6. PPS10: Planning for Sustainable Waste Management

PPS10 requires that a broad range of sites including existing industrial estates should be considered when deciding where to locate new waste and recycling facilities. Effort should be made to locate waste processing facilities close to the producers of waste which are often those operating on existing business and industrial areas.

It also suggests that local waste planners should look for opportunities to locate complementary facilities together on appropriate sites. When identifying sites for waste management facilities the PPS suggests that local waste planners assess sites using the following criteria:

- *the extent to which they support the policies in PPS10*
- *the physical and environmental constraints on development, including existing and proposed neighbouring land uses;*
- *the cumulative effect of previous waste disposal facilities on the well-being of the local community, including any significant adverse*

impacts on environmental quality, social cohesion and inclusion or economic potential;

– the capacity of existing and potential transport infrastructure to support the sustainable movement of waste, and products arising from resource recovery, seeking when practicable and beneficial to use modes other than road transport; and

- give priority to the re-use of previously-developed land, and redundant agricultural and forestry buildings and their curtilages.’

3.3. Regional

3.3.1. London Plan

The London Plan is the spatial strategy for Greater London spanning the period 2001 to 2016. It sets out an integrated social, economic and environmental framework for the future development of London.

The London Plan divides London into sub-regions to facilitate the implementation of its strategic policies. LB Harrow forms part of the West London Sub-Region along with Hammersmith & Fulham, Brent, Ealing, Hillingdon and Hounslow. The Plan sets out a number of strategic priorities for West London and those particular to LB Harrow include:

- Improving the variety, quality and access to available employment sites especially within Strategic Employment Locations, to meet the identifiable demands for employment land
- Identifying areas suitable for tall buildings
- Identifying capacity to accommodate new job and housing opportunities and appropriate mixed-use development. This is especially important in relation to the Western Wedge, Heathrow Airport, Opportunity Areas and Areas for Intensification. It will include co-ordinating skills development, transport and planning to improve access to jobs for people from deprived communities in the sub-region

An overall strategic policy of the Plan provides London boroughs with guidance on the development of their local plans and states that such strategies should:

- Focus retail, leisure, key commercial activity and services in suburban metropolitan, major, district and local town centres. Where such centres do not already have good levels of public transport accessibility and capacity, improvements should be promoted
- Promote areas around suburban town centres that have good access by public transport and on foot to the town centre as appropriate for higher-density and mixed-use development including housing
- Improve the sustainability of suburban residential heartlands by promoting better access to centres, employment and community facilities, improving the public realm, making efficient use of space, and where appropriate, modernising or redeveloping the housing stock

The London Plan sets targets for the allocation of housing in each local authority. The target for housing provision in Harrow is 330 new homes annually with an overall target of 6,620 new homes by 2016.

3.3.2. Draft Industrial Capacity Supplementary Planning Guidance (SPG)

The draft Industrial Capacity SPG was issued in September 2003 and was developed to supplement and aid the implementation of the draft London Plan (DLP) policies. The SPG defines industrial employment as activities relating to manufacturing and wholesale distribution.

The *SPG* seeks to:

- Ensure that sufficient land is available to meet future industrial needs, including those of existing firms
- Bring genuinely surplus industrial land back into more active uses to meet the wider objectives of the DLP, especially those to meet housing and other needs

The *SPG* uses the same approach as the government and DLP to 'planning, monitoring and managing' development. This approach aims to bring together the demand and supply of industrial land, to allow the stock of premises to be managed so that it provides a competitive offer for different types of occupiers. This will involve both improving the quality of provision to meet users' different needs and maintaining lower cost capacity (SPG1).

The draft *SPG* highlights the success of the Strategic Employment Locations Frameworks in protecting London's principal industrial locations. At the same time, it recognises that the SEL frameworks run the risk of being too successful and potentially maintaining land as industrial when there is no longer demand for this use. However, the monitoring aspect of the approach to maintaining industrial land could keep the framework in tune with market requirements and broader planning objectives.

Policy 2 (*SPG 2*) states that boroughs should identify the components of the SEL framework in their strategies, local plans and other plans; and promote the SELs as the prime locations for industrial activity in London.

Policy 2 (*SPG 2*) goes on to state that:

- *Through co-ordinated investment, regeneration initiatives, transport and environmental improvements and the use of planning agreements, manage the differing offers of Preferred Industrial Locations (PILs) and Industrial Business Parks (IBP) and provide local planning guidelines to meet the needs of different types of industry*
- *Other than as part of strategically coordinated process of mixed use intensification development of non-business uses with the*

SEL should be resisted except where they provide local, small scale, 'walk to' services for industrial occupiers

LB Harrow has two London Plan designated SELs. The Wealdstone Industrial Area is a designated Preferred Industrial Location and the Harrow part of Stanmore Industrial Estate is a designated Industrial Business Park.

Policy 3 (SPG 3) addresses *Locally Significant Industrial* sites, which fall outside of the SEL framework. Councils are advised to identify sites of particular local importance, which they wish to protect for industrial uses. Once these sites are identified on proposals maps they are awarded the same protection as those under the SEL framework.

Also important to the situation in LB Harrow, Policy 4 (SPG 4) highlights the need for flexible and criteria based policies to address any remaining industrial sites not included in SELs frameworks or identified on proposals maps, deemed *Other Industrial Sites*. SPG4 seeks the managed transfer of sites '*which are genuinely redundant for industrial purposes, and where an alternative land use is more suitable in planning terms*'.

The SPG identifies three categories for criteria based land transfer policies in London boroughs:

Restrictive Transfer – generally have a limited supply of employment sites requiring a restrictive approach to the transfer of industrial sites to other uses.

Limited Transfer – intermediate approach between the two above.

Managed Transfer - generally have a greater supply of vacant industrial sites relative to demand and should generally take a more permissive approach to transfer.

The London Borough of Harrow is categorised as limited transfer.

The SPG suggests that when developing land transfer policies outside of the SEL framework and designated sites on proposals maps, boroughs should consider strategic factors, site characteristics and industrial demand factors for inclusion in such policies.

Small businesses make up a large proportion of businesses in Harrow and *SPG 7 Small Industrial Enterprise* states that boroughs should:

- Protect industrial sites, which meet demonstrable demand for lower cost industrial accommodation.
- Promote the provision of small industrial units suitable for small businesses and start-up companies.
- Secure provision of small and affordable industrial units in appropriate locations as part of larger mixed-use schemes, including commercial developments and residential schemes where careful siting, design and access arrangements can satisfactorily overcome environmental concerns.

3.3.3. London Office Policy Review 2006

The London Office Policy Review (LOPR) is an on-going study that provides up to date information on the state of the London office market. It primarily focuses on central London as London’s key office market but provides some commentary on the outer London office market and goes on to state that the current high levels of office construction in the Central London office market ‘*should ripple out of central London to the most viable outer London locations over the course of the cycle.*’

Workplace Density

The LOPR 2006 provides some background research into prevailing trends in office employment density. In general, densities have not changed since the last LOPR in 2004 and tend to hover around 16 sq m net lettable per employee in Central London. Consultations were held with both developers and professional advisors who agreed that 16 sq m was a good average for today but would rise over time due to Alternative Working Strategies. A summary of average densities across London is provided in Table 3-1 below.

Table 3-1 Average Floorspace/Worker Ratios for London 2005

Use	Central Activities Zone		Outer Inner London		Outer London		London	
	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft
Offices (net lettable)	14.4	155	14.7	158	20.6	222	16.2	174

Source: Roger Tym & Partners, Valuation Office

Outer London Office Market

The LOPR highlights some key trends with respect to the outer London office market and are summarised below.

Over the last few years construction activity in the outer London office market has been relatively slow, accounting for only 9% of all completions and 7% of construction between 2001 and 2005. Any activity is generally focused in locations in the South East, South West and West sub-regions. However 12 boroughs² were found to have no offices under construction at the end of 2005.

In general the 2006 Office Policy Review’s take on the outer London office market has not changed since the 2004 Review and the following typology for office centres outside of central London remains true in that the outer London centres fall into three categories including:

² Including LB Harrow

- i. Speculative office development could be promoted on the most efficient and accessible sites in the context of wider schemes to enhance the environment and offer of the centre as a commercial location.
- ii. Some office provision could be promoted as part of wider residential or residential and retail/leisure mixed-use development. This would be likely to entail long-term net loss of overall office stock, partial renewal on the more commercially attractive sites and managed change of use provision on less attractive sites.
- iii. There is “no purpose in promoting offices” and static or declining demand should be managed in the context of sensitive policies to sustain changes in employment type, to facilitate land use change, especially to housing and other town centre related uses and to enhance the attractiveness and wider offer of the centres.

Harrow town centre is later identified in the West London Sub-regional Development Framework as fitting the second typology. The LOPR allocates a portion of all financial and business services (FBS) employment growth to each borough based on the current employment structure, transport accessibility and potential development capacity and FBS employment in Harrow is predicted to grow by 5,200 jobs between 2003 and 2016.

Offices to Other Uses

The LOPR finds that in outer London office conversions are still the main type of change of use whereas in central and inner London new builds are now more common. Similar to the situation in Harrow, the existing stock of office buildings in many outer London Boroughs are outdated and unattractive to new occupiers with many remaining vacant for years. These buildings can result in significant levels of blight on surrounding neighbourhoods and with a change of use could markedly improve the area. The LOPR suggests that:

'local planning authorities should closely monitor the sub and micro markets of outer London, but re-use for residential or other uses will continue to be one of the key options for town centre renewal'

3.3.4. Industrial and Warehousing Land Demand in London, 2003

The GLA and LDA commissioned this study in December 2003. The purpose of the study was

'to assess the scale and nature and, in particular, the [geographical] distribution of future demand for industrial and warehousing land in London and to draw policy implications'.

The study set out to accomplish two key tasks:

- To assess the balance of demand and supply for industrial and warehousing land, testing the earlier estimate that some 50 hectares per year London-wide could be released to other uses, and providing guidance for individual sub-regions and boroughs.

- To provide a description of current and future requirements for warehousing space, and recommend strategic planning policies for meeting these requirements over the next 15 years, translating into practical recommendations in the draft SPGs that planning should take a positive approach to logistics and distribution.

The study highlights that the occupiers of industrial and warehousing land are drawn from a wider spread of Standard Industrial Classification (SIC) sectors than the traditionally used manufacturing and wholesale distribution. Many businesses use warehouses and industrial land to conduct their activities including: transport and storage, construction, recycling and refuse disposal. This study takes account of this change and has forecasted a slower reduction³ in the demand for industrial/warehousing land as many of these sectors have better prospects of employment growth than the traditional manufacturing sector.

3.3.5. Waste and Recycling

The West London SRDF notes that the monitoring benchmark of industrial land release detailed in the Draft Industrial Capacity SPG takes into account only historic demand for waste related activities, not the new demands for London to be as self-contained as possible in managing its waste streams. This must be factored into the sub-regional benchmarks. The Draft London Plan Alterations; Planning for Waste, Planning for Minerals expands on this assertion, with a proposed New Waste Policy 2:

'The overall additional requirement for waste management sites managing municipal and commercial and industrial waste (over and above the re-use/intensification of existing sites) in London to 2020 is forecast to be 244 hectares (16.2 hectares per annum, 2005-2020).'

A large proportion of the additional land required for strategic recycling and waste treatment facilities are forecast to be fulfilled in the East London sub-region. However, West London is expected to provide for a large proportion of Central London's waste management needs. In total the document forecasts that an additional 53.6 hectares of land is needed to meet demand in West London between 2005 and 2020, at a rate of 3.6 hectares per annum.

This document proposes that Brent, Ealing, Kensington and Chelsea, and Hillingdon offer the greatest potential for strategic facilities in the sub-region and there were no new sites identified in LB Harrow. The report also points out that:

'Although the Sub-Region has opportunities to become much more self-sufficient, nearly 100% of municipal waste generated in West London is currently exported to surrounding counties in East and South East England. A step-change is therefore needed in the way that waste is managed, but opportunities may exist for change of use

³ Compared to the previous study Demand and Supply of Business Space in London.

of some transfer stations on the basis that less waste will need to be exported out of West London.'

3.3.6. West London Sub-Regional Development Framework

The West London Sub-Regional Development Framework (SRDF) (GLA, 2006) covers the boroughs of Harrow, Brent, Ealing, Hammersmith & Fulham, Hillingdon and Hounslow. It was produced to provide guidance on the implementation of policies established in the London Plan.

It sets out the overall strategic direction for West London in terms of meeting the high level of expected future growth. In summary the key land use requirements are as follows:

- At least 59,400 dwellings or 2,970 per annum (1997-2016)
- 86,000 jobs (recently revised to 72,809)
- 6.1 ha per annum for waste and recycling facilities.
- Reduction of 40 ha or 2.7 ha per annum 2001-2016 of land for industry and warehousing⁴.

The majority of the employment growth is expected to come from office-based employment and will be focused in the town centres. The SRDF focuses on measures to accommodate the expected growth and emphasises it will be the ability of the sub-region's town centres to improve their image and attractiveness that will be key to accommodating sustainable growth. Particular actions include securing suitable retail offer and providing a consolidated office market in combination with appropriate cultural, leisure and public services.

The main locations for growth are identified as the sub-region's town centres (including Harrow Metropolitan Centre), opportunity areas, suburbs, industrial locations and transport and accessibility.

Harrow town centre is identified as having the potential to provide additional office space as part of wider residential and retail/leisure mixed-use development. The SRDF states that:

'...Harrow should continue to develop [it's role] as a Metropolitan town centre and support through mixed-use intensification, including residential and qualitative improvements to the public realm and their wider town centre offer.'

Similar potential is identified in Harrow's district centres including: Harrow Town Centre, Wealdstone, Stanmore and Edgware. The policy with regard to offices in centres throughout Harrow is set out as follows:

⁴ Falling to 2.2 ha per annum 2005-2016 when net additional recycling/waste management land requirement is factored in.

'Some office provision could be promoted as part of wider residential or residential and retail/leisure mixed use development. This would likely entail long-term net loss of overall office stock, partial renewal on the more commercially attractive sites and managed change of use of provision on less attractive sites'

In general the SRDF recognises Harrow's potential to absorb a proportion of the future employment growth expected for West London and as set out in Action 1B should work with its partner boroughs '*...to promote consolidation of the sub-regional office market in appropriate, viable locations and achieve wider planning objectives including town centre renewal and increased housing provision*'.

Specific SRDF actions set out for employment and offices are:

- The Mayor will work with LDA, boroughs and other stakeholders to protect and enhance viable, affordable SMEs in appropriate locations [...] to meet their specific needs for business support and training
- In light of the national requirement to justify retention of commercial and industrial capacity and the need to accommodate new sustainable communities, the sub-regional market analysis must continue to be tested rigorously through strategic and local monitoring, carried out by the Mayor and partners, with a view to managing the existing stock more efficiently to meet identified commercial and industrial needs and to release surplus capacity for housing and other priority uses
- Boroughs and other partners should promote the consolidation and re-positioning of the sub-regional office market in appropriate, viable locations and achieve wider planning objectives including town centre renewal and increased housing provision
- In partnership with the LDA, boroughs area asked to facilitate the implementation of the Mayor's EDS through the coordination of Sub-regional Economic Development Implementation Plans

3.3.7. West London Economic Development Strategy

The West London Economic Development Strategy was produced by the West London Partnership to provide guidance for the economic future of the region. The Strategy highlights the need to supply appropriate premises and sites to foster economic growth. It also emphasises the need to safeguard strategic employment areas as well as key local employment sites. Some of the key objectives relevant to employment and employment land allocations are to:

- Ensure that there is sufficient development land of the right quality to meet the investment needs of West London and balance the tensions around demands on land use.
- Promote, manage and enhance the quality of the existing stock of key strategic employment locations and improve transport links to these locations.

3.3.8. Managing the Release of Employment Land in West London for Non-Employment Uses

The West London Alliance (WLA) recently commissioned Rosecliffe Associates to identify the amount of industrial and warehousing land that has been or is planned for release across West London in comparison to the 41 ha identified for release in the London Plan.

The report, published in May 2006, investigates the methodology used by Roger Tym & Partners⁵ (RTP) to derive the land for release figures included in the London Plan. The RTP report explicitly excludes floorspace lost from B1a and B1b uses from their analyses whereas in the Rosecliffe report these uses are included in the amount of land released which undoubtedly shows a significant over release of land in comparison to the RTP figures.

The Rosecliffe report finds that a total of 80.22 ha have been released in West London between 2001 and March 2006 almost twice that required by the London Plan. This figure includes an average for the release of smaller parcels of land dotted around the sub-region and some other site-specific areas that are not picked up in the London Development Database from which RTP gathered its data.

In light of this apparent over release the report puts forth a number of recommendations related to the future monitoring of industrial land in the sub-region, including:

- Identifying and justifying a new target for the remaining ten years.
- The WLA and GLA need to agree a methodology for reporting land use change including a minimum site size for monitoring.
- Conduct further research into what constitutes 'light industry' and the implications for B class premises.
- Determine to what degree local Councils and business support agencies can take to contribute effectively to the take-up of space in such sites, particularly those seen to be hard to let.

3.4. Local

3.4.1. Harrow Unitary Development Plan 2004

London Borough of Harrow's Unitary Development Plan (UDP) 2004 was adopted 30th July 2004. The UDP sets out the Council's proposals for the development and use of land in the Borough. The UDP is presented in two parts. Part one outlines the Borough wide strategic objectives and Part two establishes more detailed proposals and policies for development and land use. Part two also includes a proposals map identifying the sites or areas affected by the policies and proposals.

With respect to employment land and premises, Strategic Policy **SEM3 (Proposals for New Employment-Generating Development)** states that:

⁵ Roger Tym & Partners, King Sturge and C2G Consulting, Industrial and Warehousing Land Demand in London, Report for the Greater London Authority, August 2004.

'The Council will consider favourable proposals for employment-generating uses in suitable locations with good access by modes of travel other than the car. The Council may require that access by modes of travel other than the car is improved'.

More specifically Employment Policy **EM4 (New Office Development)** states that *'major new office development and redevelopment should be located in Harrow Metropolitan Centre and Northolt Road, South Harrow'.*

The Council wishes to foster the growth of new and small businesses by promoting the development of smaller sized units. Employment Policy **EM12 (Small Industrial Units and Workshops)** states that *'the Council will encourage the development of industrial units of up to 1,000 sq m floorspace, including managed workspace and work/live units, subject to the criteria set out in Policy EM22⁶'.*

The UDP identifies difficulties in finding and developing new employment sites and the Council is particularly concerned with the loss or change of use of existing designated employment sites. Policy **EM13** and **EM14** protect designated employment sites from change of use to non-employment uses.

Policy **EM15** is particularly relevant to the purpose of this report and states that:

'Outside the designated sites listed in Policies EM13 and EM14, the Council will resist the loss of land or buildings from business, general industrial or warehousing use (Use Class B1, B2 or B8) to other uses outside these classes, unless it can be clearly demonstrated that the site is no longer suitable or required for employment use'.

This policy is subject to a number of conditions, which involves supporting evidence to the claim that the land is no longer a viable employment site.

It is noted that the Council is currently preparing the Local Development Framework that will, over time, replace the Unitary Development Plan. The Harrow Employment Land Study will provide a key part of the evidence base that will support the development of the Local Development Framework in Harrow.

3.4.2. Incubator Feasibility Study Phase One, UKBI 2005

In 2005 LB Harrow commissioned UK Business Incubation to review the feasibility of establishing a business incubation environment in Harrow. Phase one of the study involved a business mapping exercise and market survey to gauge the existing business start-up climate and an assessment of supply and demand for business incubation in the Borough.

The results of the study indicate a strong demand for incubation in the Borough based on an assessment of the socio-economic characteristics, a lack of space targeted at start-ups and early stage businesses from the creative industries. At the time the study was

⁶ Policy EM22 'Environmental Impact of New Business Development'.

carried out there was only one centre in Harrow at the Innovation Labs managed by New Media Knowledge/University of Westminster.

Demand is also recognised within the wider West London area especially from those emerging from larger corporates and the numerous educational institutes. These areas could be targeted when proposing incubation space in Harrow.

3.4.3. Harrow Local Development Framework

Harrow Council is in the early stages of their Local Development Framework (LDF). In accordance with Section 15 of the Planning and Compulsory Purchase Act 2004, the Council has prepared a Local Development Scheme (LDS) that sets out the Council's project plan for the production of documents, plans and policies that are to be included in the LDF by 2008.

3.5. Summary

National, regional and local level strategy and policy highlight the importance of sustainable economic growth. A key component of sustainability is the provision of employment opportunities closer to home and with good access to public transport.

The national priority is to provide access for everyone to affordable homes while at the same time fostering economic growth and employment opportunities closer to home. Land for employment use is under considerable pressure from national targets for housing while national guidance promoting sustainable communities requires development plans to provide land for employment and business opportunities for all citizens. These conflicting policies pose challenges when it comes to planning for growth and achieving the right balance of jobs and homes and finding a solution that makes the most efficient use of land.

On a regional level, the London Plan sets housing targets by borough while recognising the importance of protecting land for employment use. The London Plan gives guidance on prioritising and protecting those sites with strategic importance and setting out policies in SEL frameworks. SELs are designed to meet the needs of industry by providing opportunities for clustering, capacity building, favourable environment, accessibility and cost effectiveness for a range of commercial activities. Employment areas that fall outside of these designations should also be accounted for and protected where the employment use is still viable and does not have negative impacts on neighbouring issues. The London Plan also highlights the need to release surplus land for other uses in order to achieve the efficient use of land in light of strategic and local assessments of industrial land.

The LOPR suggests that outer London boroughs with similar characteristics to LB Harrow will likely see a long-term net loss of overall office stock. However, it then goes onto allocation of proportion of future office based employment growth to each borough. Based on LB Harrow's current employment structure, transport accessibility and potential development capacity, financial and business services employment is predicted to grow

by 5,200 jobs by 2016 – indicating a potential future demand for between approximately 83,200 sq m and 98,800 sq m of office floorspace⁷.

LB Harrow is identified as being 'limited transfer' in the Industrial Capacity SPG and is recommended to closely manage the release of vacant industrial sites based on more local factors effecting supply and demand. Harrow Town Centre is an identified Metropolitan centre in the London Plan and is expected to intensify its town centre activities including retail, leisure, employment services and community facilities through high-density, mixed-use developments. The LOPR highlights Harrow Town Centre's position as an employment location with the potential to improve the office offer and hence employment opportunities by providing new office space as part of wider mixed-use development.

On a local level, the Council's current UDP policies take a firm position on the protection of designated employment land. Employment sites outside of designated areas are also protected unless it can be demonstrated that the existing use is not viable and there is no demand. Harrow has limited amounts of employment land and very little additional sites for future development. The enhancement and regeneration of existing sites for employment is a priority to provide for the expected future employment growth.

⁷ Using an employment density range of between 16 sq m/employee and 19 sq m/employee.

4. SOCIO-ECONOMIC STRUCTURE

4.1. Introduction

It is helpful to consider current demand and future provision of employment land in the context of the socio-economic structure of the area. Creating sustainable communities includes providing for employment suitable to the local workforce. Therefore this section analyses the socio-economic structure of LB Harrow and makes reference to key trends in population and employment. Comparisons with the rest of London and the South East are provided for context where applicable.

4.2. Population

Although the population of Harrow has not changed significantly in the last ten years, it has emerged as one of the most ethnically diverse and culturally rich boroughs in London.

In 1994 the population of Harrow was estimated to be 207,400 people, had increased to 211,900 people by 2004 and is forecasted to increase to 219,367 by 2016 and 220,665 by 2026 (GLA, 2005).

Approximately 50% of the population is between 25 and 59 years of age and 20% are under 19. The Borough has experienced growth in the 25 to 49 year age group and 50 to 59 year age group. Further breakdown of the age distribution of the population in Harrow is provided in Table 4-1.

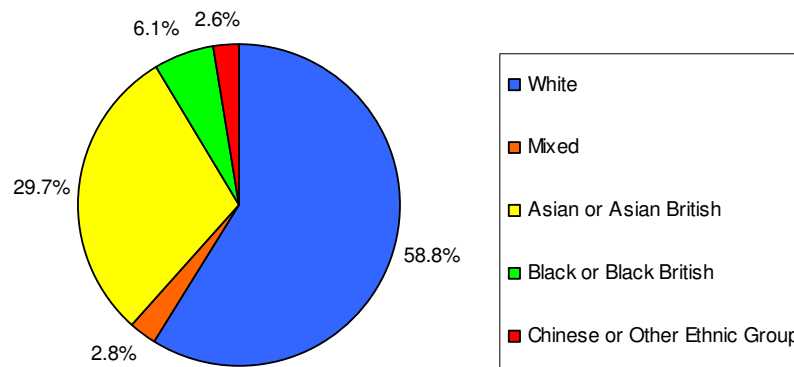
Table 4-1 Age Distribution of Population

Age	1994		1999		2004		Change (1994-2004)	
	Number	%	Number	%	Number	%	Number	%
0-4	13,800	6.7	12,800	6.2	12,500	5.9	-1,300	-9.4
5-14	13,100	6.3	13,700	6.6	13,800	6.5	700	5.3
15 - 19	12,400	6.0	13,200	6.3	15,100	7.1	2,700	21.8
20 - 24	15,000	7.2	13,500	6.5	12,900	6.1	-2,100	-14.0
25-49	77,900	37.6	77,900	37.5	80,900	38.2	3,000	3.9
50-59	22,300	10.8	23,900	11.5	24,800	11.7	2,500	11.2
60+	39,400	19.0	39,300	18.9	39,400	18.6	0	0.0
Total	207,400	100.0	207,900	100.0	211,900	100.0	4,500	2.2
Male	99,800	48.1	100,800	48.5	104,200	49.2	4,400	4.4
Female	107,600	51.9	107,100	51.5	107,700	50.8	100	0.0

Source: ONS, mid-year population estimates 1994-2004

In 2004 Harrow’s population was 50.8% female and 49.2% male and the average age was 37.8 years. The resident population is very diverse with approximately 30% of people being Asian or of Asian decent, 22% of which are Indian. Figure 4-1 below provides further information on the ethnicity of Harrow’s population. Harrow’s culturally diverse population contribute a range of skills and services to the Borough.

Figure 4-1 Ethnicity of Harrow’s Population



Source: ONS Mid-year population estimates, 2004

4.3. Employment

In March 2005 there were approximately 138,300 working age residents in Harrow, which accounts for 65.3% of the population. Of working age residents 108,800 (78.7%) were economically active with 101,100 people in employment and 7,700 people unemployed. This is similar to the economic activity rate for London (74.3%) and the South East (82.1%).

Harrow’s BME groups also perform well in comparison to the national average employment rates for non-white ethnic groups. In Harrow, 47% of the working age population come from BME groups with an employment rate of 61%, higher than the national average of 58%.

There are also a high proportion of people working from home in LB Harrow. According to Census 2001 22% of those people in employment worked mainly from home – the highest proportion of all West London boroughs. A significant proportion of those people tend to be employed in the business services sector (26%)⁸.

The unemployment rate in Harrow is approximately 3.7% compared to 5.2% in London as of March 2006. There are 7,230 on incapacity benefit and other benefits in Harrow,

⁸ No further breakdown by sector is available through Census 2001.

including 3,205 lone parents and 3,630 Job Seekers Allowance. Of those on benefits 15% have collecting for over a year and the number of young people (18 to 24 years) on benefits has been on the rise.

There are 29,500 (21.3%) working age people considered economically inactive in Harrow and 23,700 (17.1%) of those are considered not to want a job. Economic inactivity in Harrow is less than that of London as a whole (25.7%) and above that of the South East (17.9%). Table 4-2 below provides more detail.

Table 4-2 Economic Activity

All people	Harrow		London
	(Numbers)	(%)	(%)
Economically active	108,800	78.7*	74.3*
In employment	101,100	73.1*	69.1*
<i>Employees</i>	85,800	62.0*	58.0*
<i>Self employed</i>	14,800	10.7*	10.6*
Unemployed	7,700	3.7~	5.2~

Source: Annual Population Survey (April 2004 – Mar 2005)

* % of working age population

~ % of total population

4.4. Skills and Training

Harrow residents tend to maintain similar qualifications to the rest of London and the South East. In 2004 the majority of working age residents (61.6%) obtained their GCSEs and 48.3% of working age residents are educated to a degree level and above. Only 8.3% of working age residents in Harrow have no qualifications compared to 13.9% in London and 10.8% in the South East.

Table 4-3 Skills and Training

Qualification Level	Harrow (Numbers)	Harrow (%)	London (%)	South East (%)
NVQ4 and above	43,300	31.7	30.8	28.5
NVQ3 and above	66,000	48.3	45.0	46.9
NVQ2 and above	84,200	61.6	59.0	66.0
NVQ1 and above	96,900	71.0	69.7	81.1
Other Qualifications	28,300	20.7	16.4	8.0
No Qualifications	11,300	8.3	13.9	10.8

Source: Local Area Labour Force Survey (March 2003-Feb 2004)

4.5. Employment by Occupation

The Harrow workforce is primarily made up of managers, professional and associate professionals, with 53.1% of all people in employment working at this level of employment. The workforce is similarly distributed across occupations in London (52.5%) and there is a slightly higher proportion of the workforce in higher-level occupations than in comparison to the South East (45.8%). Harrow maintains a similar proportion of residents in professional groups AB⁹ and C1¹⁰ (28.7% and 35.8%) to that of London (26.5% and 33.0%) and the South East (26.4% and 32.1%).

See Table 4-4 for further details of employment by occupation in the Borough.

Table 4-4 Occupational Structure of LB Harrow

	Harrow (numbers)	Harrow (%)	London (%)	SE (%)
Managers and senior officials	15,000	14.1	17.6	16.8
Professional occupations	23,400	22.0	16.3	13.9
Associate professionals & technical	18,100	17.0	18.3	14.9
Administrative & secretarial	14,700	13.9	13.2	13.0
Skilled trades occupations	8,500	8.0	7.8	10.8
Personal service occupations	4,600	4.4	6.3	7.9
Sales & customer service occupations	8,800	8.3	6.3	7.2
Process plant & machine operatives	4,500	4.3	4.8	5.3
Elementary occupations	8,400	7.9	8.9	9.8

Source: ONS, Nomis, Local Authority Profile, Annual Population Survey (Apr 2004-Mar 2005)

4.6. Earnings by Residents

According to the Annual Survey of Hours and Earnings (2005), the average weekly earnings of Harrow residents were £505, which is slightly below the average earnings for London (£527) but higher than the average for the South East (£468). Table 4-5 below summarises Harrow's average weekly earnings in comparison to London and the South East. Figures need to be treated with care, as the reliability of statistics at a borough level is limited due to a small sample size.

⁹ AB: Higher and intermediate managerial/administrative/professional

¹⁰ C1: Supervisory clerical junior managerial/administrative/professional

Table 4-5 Average Gross Weekly Earnings

Borough/Region	Average Gross Weekly Earnings
LB Harrow	£505
London	£527
South East	£468

Source: ONS, Annual Survey of Hours and Earnings, 2005

4.7. Travel to Work

Of those currently in employment only 36.9% (37,325) live and work in Harrow. The latest data on travel to work patterns is provided through origin-destination statistics collated from Census 2001. While the total figures for employment may be more than five years old, the figures give a good indication of the inflow and outflow of residents and workers into and out of LB Harrow. Table 4-6 below summarises travel to work movements of Harrow residents and employees within Harrow. Harrow is a net exporter of labour supplying much of its labour force to surrounding local economies.

Table 4-6 Travel to Work Patterns

	Where do Harrow Residents Work		Where do Harrow Employees Live	
	Total	%	Total	%
Harrow	37,325	38.2	37,325	55.4
Brent	9,474	9.7	5,108	7.6
Ealing	4,541	4.7	2,588	3.8
Hammersmith & Fulham	1,470	1.5	162	0.2
Hillingdon	6,168	6.3	4,684	7.0
Hounslow	1,128	1.2	394	0.6
West London	60,106	61.6	50,261	74.6
Rest of London	27,211	27.9	5,420	8.1
Total London	87,317	89.4	55,681	82.7
Outside London	10,303	10.6	11,648	17.3
Total	97,620*	100.0	67,329*	100.0

Source: Origin Destination Statistics for Local Authorities, Census 2001

* numbers do not match total employment figures set out in Section 4.3 due to separate data sources. However this does provide a good indication of the current movements of Harrow's population and employees.

4.8. Summary

There has been a steady rise in the population of Harrow over the last decade though a slower rate of growth than experienced by many other London boroughs. However it has benefited from high economic activity rates and low unemployment. Harrow's workforce tends to be highly skilled and occupies a range of upper level occupations in management, professional and associate professional positions. However, the lack of

these types of jobs in the Borough has perpetuated Harrow's reputation as a dormitory borough with it being a net exporter of labour, particularly skilled labour, to other West London boroughs and indeed across London.

5. LOCAL ECONOMY AND BUSINESS PROFILE

5.1. Introduction

This section provides a profile of the prevailing economic and employment conditions in Harrow. It provides the economic context to employment land demand and supply factors, providing an overview of trends and more detailed analysis of emerging growth sectors in the area.

We have analysed employment and business sectors in Harrow using a number of data sources including: Annual Business Inquiry Employee and Workplace Analysis and ONS VAT registrations and de-registrations. This section provides an important input towards understanding the economic demand for employment premises in LB Harrow.

5.2. Employment

Employment in LB Harrow has experienced continued growth. Between 1995 and 2004 the number of employees in the Borough has increased from 60,894 to 66,923, a 9.9% rise. The main source of employment growth has been in the business services and the health and education sectors, each providing over 3,000 additional jobs over that time. The business services sector is made up of a range of activities from software development to industrial cleaning. In LB Harrow more specific growth areas are accounting and bookkeeping, labour recruitment, architectural and engineering services, computer related services, real estate and machine rentals¹¹.

The construction sector also experienced strong growth with employment rising by 59.6%, though this could be attributed to one large firm moving into the Borough¹². Significant losses of employment were seen in the manufacturing sector and transport and communication corresponding with national economic trends. Table 5-1 below summarises the changes in LB Harrow employee numbers by sector¹³ between 1995¹⁴ and 2004.

¹¹ Annual Business Inquiry, 1995-2004, ONS

¹² The European HQ of Bovis Lend Lease moved into office premises in South Harrow. This would be where the payroll of the company would be registered and is likely affecting the perceived increase in construction employees in the Borough. Most would not be working within the Borough.

¹³ Some industry sectors have been amalgamated in some instances for confidentiality purposes.

¹⁴ The ABI was introduced in 1998 to replace the Annual Employment Survey (AES). Annual datasets were revised back to 1995 to mitigate discrepancies in the results due to contributor reporting problems more prevalent to the AES. However, there could still be some underreporting of jobs prior to 1998 resulting in a slightly skewed increase to 1998 and then levelling out again. Regardless, the ABI analysis still provides a good indication of the employment activity in the Borough. Please see ABI Article 10/04/01, *The Launch of the Annual Business Inquiry*.

Table 5-1 Employment by Industry Sector

Sector	1995	1999	2004	Change (1995-2004)	
				Number	%
Primary and Utilities	188	86	55	-133	-70.8%
Manufacturing	6,976	6,596	4,791	-2,185	-31.3%
Construction	2,317	3,854	3,698	1,381	59.6%
Wholesale	4,976	4,660	4,311	-665	-13.4%
Retail	7,130	7,752	8,338	1,208	16.9%
Hotels & restaurants	2,981	3,758	3,992	1,011	33.9%
Transport & Communications	3,655	3,492	2,734	-921	-25.2%
Financial services	2,483	3,649	2,739	256	10.3%
Business services ¹⁵	11,426	12,584	14,607	3,181	27.8%
Public administration	3,668	3,406	3,589	-79	-2.1%
Health & education	10,949	13,217	14,696	3,747	34.2%
Other services	4,145	3,493	3,373	-772	-18.6%
Total	60,894	66,547	66,923	6,029	9.9%

Source: ONS, Annual Business Inquiry

5.3. Businesses and Sector Overview

As would be expected with an increase in employee numbers in the Borough, there has been a corresponding increase in the number of places to work. As a first indication of business growth in the Borough we have used the ONS data on VAT registered businesses.

The number of registered businesses in Harrow has increased from 6,865 in 1995 to 7,855 in 2004, an increase of 14.4%. The largest percentage increase was seen in the business services sector (57.2%). However, it must be noted that there has been a 16 year cycle of decline in the amount of floorspace business rates are paid on indicating that while business registrations have been on the rise the amount of space required to accommodate them has been falling. This is likely related to the number of small businesses operating in the Borough and could have implications for future space requirements.

Table 5-2 below sets out the change in the number of firms throughout the Borough between 1995 and 2004. Whilst not providing the same sectoral categories as the employment data used in Section 5.2 above the information presented on VAT registered business provides a good indication of the increase in business activity in the Borough.

¹⁵ Business services included: real estate activities; renting of machinery and equipment; computer and related activities; research and development; and other business activities not elsewhere classified.

Table 5-2 VAT Registered Businesses by Industry Sector

VAT Registration Industrial Categories	1995	2000	2004	Change (1995-2004)	
				Number	%
Agriculture and energy	30	25	25	-5	-16.7%
Manufacturing	450	455	420	-30	-6.7%
Construction	650	650	705	55	8.5%
Wholesale and retail	2,155	1,945	1,860	-295	-13.7%
Hotels and restaurants	335	360	340	5	1.5%
Transport and communication	260	270	275	15	5.8%
Business services	2,265	3,210	3,560	1,295	57.2%
Public services	635	580	560	-75	-11.8%
Education and health	85	85	110	25	29.4%
Total	6,865	7,580	7,855	990	14.4%

Source: ONS, VAT registration/de-registrations

Research set out in *'Investigating the high levels of entrepreneurial activity in the London Borough of Harrow against a low VAT registration base'* published by Ci Research in 2003 seeks to investigate the apparent discrepancy in LB Harrow's entrepreneurial activity and low rate of VAT registration. It found that LB Harrow has a particularly high number of new business starts with fourteen new business starts for every 1,000 population in Harrow and a relatively high number of self-employed workers (15.1% of those in employment). Interestingly, almost a quarter of surveyed businesses revealed that their business was VAT registered but at an address outside LB Harrow (generally at their accountants office). The main reason given for businesses not being VAT registered was that they did not anticipate reaching the target turnover level.

A further indication of business growth in the Borough is the data provided through the Annual Business Inquiry (ABI). While this data does not relate exactly to the number of businesses operating in the Borough it does give a good indication of the range of different business activities being undertaken there. The ABI collects information on a 'data unit' level. Data units are 'roughly equivalent to workplaces but because of the way the data are collected two or more units can be present in the same workplace' and 'a single workplace can be counted as two data units where there are two distinct business activities at the same site'¹⁶. The ABI also counts any branches of the same business as individual data units leading to a somewhat artificially high number of businesses in the Borough. Regardless, this gives a good indication of the increase in business activity in the Borough.

Between 1995 and 2004 the number of data units in LB Harrow increased from 7,842 to 9,409 in total. This information is useful in that it shows an element of business diversification in Harrow where the number of VAT registered businesses was 7,855 in

¹⁶ ONS, ABI definition of data units.

2004 but the number of different business activities being undertaken by those business equalled 9,409. This difference could be also result from the ABI accounting for businesses that have not yet been VAT registered¹⁷. Table 5-3 below summarises the number of data units per sector industrial category active in Harrow.

Table 5-3 Data Units per Industry Sector

Sector	1995	1999	2004	Change (1995-2004)	
				Number	%
Primary and utilities	20	18	12	-8	-40.0%
Manufacturing	405	462	437	32	7.9%
Construction	761	775	752	-9	-1.2%
Wholesale	1,071	1,005	1,042	-29	-2.7%
Retail	1,047	961	1,028	-19	-1.8%
Hotels & restaurants	349	389	441	92	26.4%
Transport & communication	299	330	338	39	13.0%
Financial services	263	215	208	-55	-20.9%
Business services	2,382	3,256	3,894	1,512	63.5%
Public administration	63	53	46	-17	-27.0%
Health & education	394	476	511	117	29.7%
Other services	788	771	700	-88	-11.2%
Total	7,842	8,711	9,409	1,567	20.0%

Source: ONS, ABI 1995-2004

5.4. Business Size

The data unit analyses presented above also provides a break down of business activity by business size. While the size analysis provides a useful indication of the size of businesses operating in Harrow, the size bands used refer to the number of employees at each data unit, not to the size of the company.

However, bearing in mind the above caveats small companies in Harrow appear to be a very important element of the business community. In 2004 there were 8,540 data units (business activities) with between one and ten employees, which is equal to 91% of all data units. Table 5-4 highlights the continuing importance of small businesses to Harrow's economy.

¹⁷ The current VAT registration threshold is £60,000 turnover (HM Revenue & Customs, 2006)

Table 5-4 Data Units by size band

Employment Size Band	1995		1999		2004	
	Number	% of total	Number	% of total	Number	% of total
1 to 10	7,076	90.2	7,847	90.1	8,540	90.8
11 to 49	576	7.3	639	7.3	650	6.9
50 to 199	160	2.0	188	2.2	178	1.9
200 or more	30	0.4	37	0.4	41	0.4
Total	7,842	100	8,711	100	9,409	100

Source: ONS, ABI 1995-2004

Table 5-5 below provides the industrial breakdown for Harrow businesses by size band at 2004. The business services sector has firms of all sizes with seven firms employing more than 200 people. The majority of businesses tend to have between one and ten employees however there are a number of large retail employers in the Borough.

Table 5-5 Industry Units by Employees Size Band

Sector	1 to 10	11 to 49	50 to 199	200 +
Primary and utilities	11	1	0	0
Manufacturing	398	27	9	3
Construction	708	37	4	3
Wholesale	974	59	9	0
Retail	912	90	17	9
Hotels & restaurants	353	77	11	0
Transport & communications	301	26	8	3
Financial services	168	33	5	2
Business services	3,755	103	29	7
Public administration	16	17	7	6
Health & education	294	135	75	7
Other services	650	45	4	1
Total	8,540	660	178	41

Source: ONS, ABI 2004

5.5. Location Quotient and Sector Change

The location quotient is a measure of how strongly different industries are represented in the local economy compared to the wider region. For the purpose of this study we have compared the proportion of employees in the different industrial sectors in Harrow with the proportion of employees in those sectors in Great Britain, London and the West

London Sub-region. This will provide some insight into those sectors located in Harrow that may have a potential advantage for being located there.

A location quotient of greater than one implies that there are proportionally more employees in that sector in Harrow in comparison to the wider comparative region. This might be an indication that there are some comparative advantages to being located in Harrow for this sector. A location quotient smaller than one indicates that this sector is under-represented in the study area in comparison to the larger region and is unlikely to benefit from any specific advantage.

Plotting the location quotient against the average annual rate of growth for each sector identifies the growing sectors with a potential locational advantage in Harrow. An economic development strategy for the Borough might be to nurture and promote these sectors.

5.5.1. Great Britain Analysis

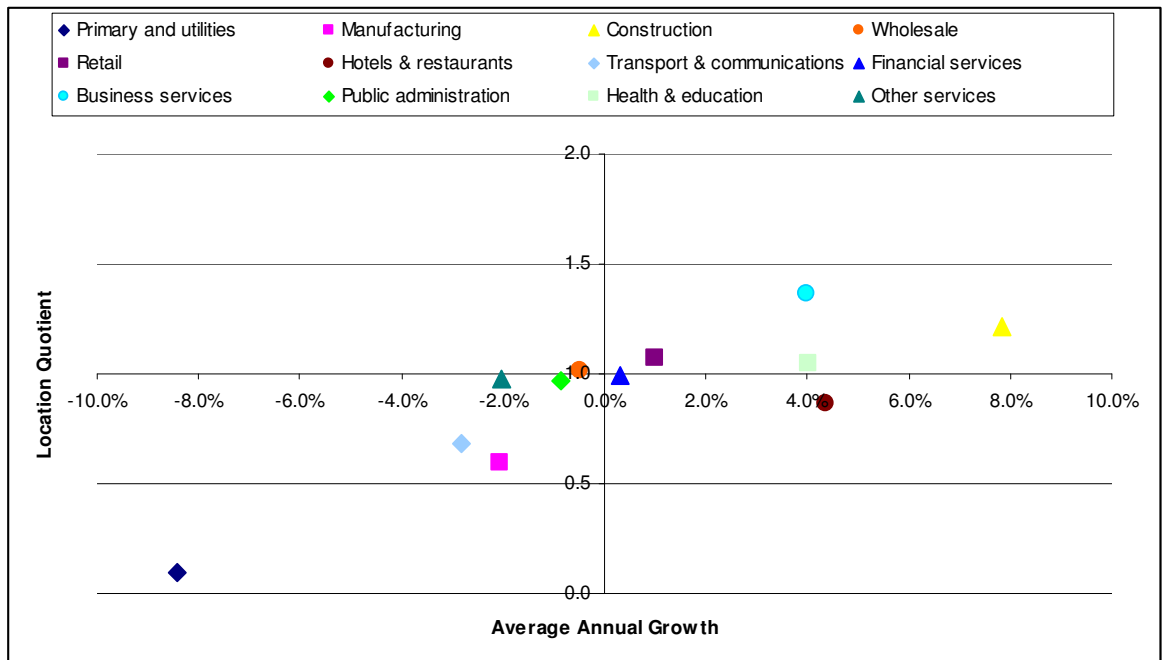
Based on location quotients sectors with a potential location preference for operating in Harrow as opposed to elsewhere in Great Britain are: construction, business services and retail. Sectors that appear to have no clear advantage or a 'neutral' location quotient are: wholesale; financial services; public administration; health and education; and other services. Table 5-6 below provides a summary of the proportion of employment in each sector in Harrow and Great Britain and the related location quotients for each sector. Figure 5-1 below maps the sector location quotients against the annual growth rates for each sector. Those sectors in the top right corner are sectors that are growing and have a location quotient greater than one indicating a potential advantage towards operating in Harrow.

Table 5-6 Summary Analysis – Harrow/Great Britain Location Quotient

Sector	Harrow		Great Britain		Location Quotient
	No of Employees	% of total	No of Employees	% of total	
Primary and Utilities	55	0.1%	221,764	0.9%	0.1
Manufacturing	4,791	7.2%	3,092,131	12.0%	0.6
Construction	3,698	5.5%	1,178,329	4.6%	1.2
Wholesale	4,311	6.4%	1,634,889	6.3%	1.0
Retail	8,338	12.5%	3,008,647	11.6%	1.1
Hotels & restaurants	3,992	6.0%	1,774,988	6.9%	0.9
Transport & Communications	2,734	4.1%	1,544,141	6.0%	0.7
Financial services	2,739	4.1%	1,066,238	4.1%	1.0
Business services	14,607	21.8%	4,127,214	16.0%	1.4
Public administration	3,589	5.4%	1,435,191	5.6%	1.0
Health & education	14,696	22.0%	5,437,074	21.0%	1.0
Other services	3,373	5.0%	1,338,181	5.2%	1.0
Total	66,923	100.0%	25,858,787	100.0%	

Source: ONS, ABI (2004), URS (2006)

Figure 5-1 Location Quotient LB Harrow/Great Britain against Annual Average Sector Growth in LB Harrow 1995-2004



Source: URS 2006, ONS ABI 1994-2004

5.5.2. London Analysis

We carried out the same analysis comparing sector employment in Harrow to sector employment in London to identify those sectors in Harrow that may have some advantage to operating in Harrow rather than elsewhere in London. In comparison to the Great Britain analysis presented above the location quotient for the construction sector becomes stronger while the business services sector location quotient falls below one. This is to be expected with the strong pull of the City and Central London drawing business services employment away from the more peripheral boroughs. Other sectors where the location quotient becomes stronger when compared to London rather than Great Britain are: manufacturing; wholesale, retail; and health and education.

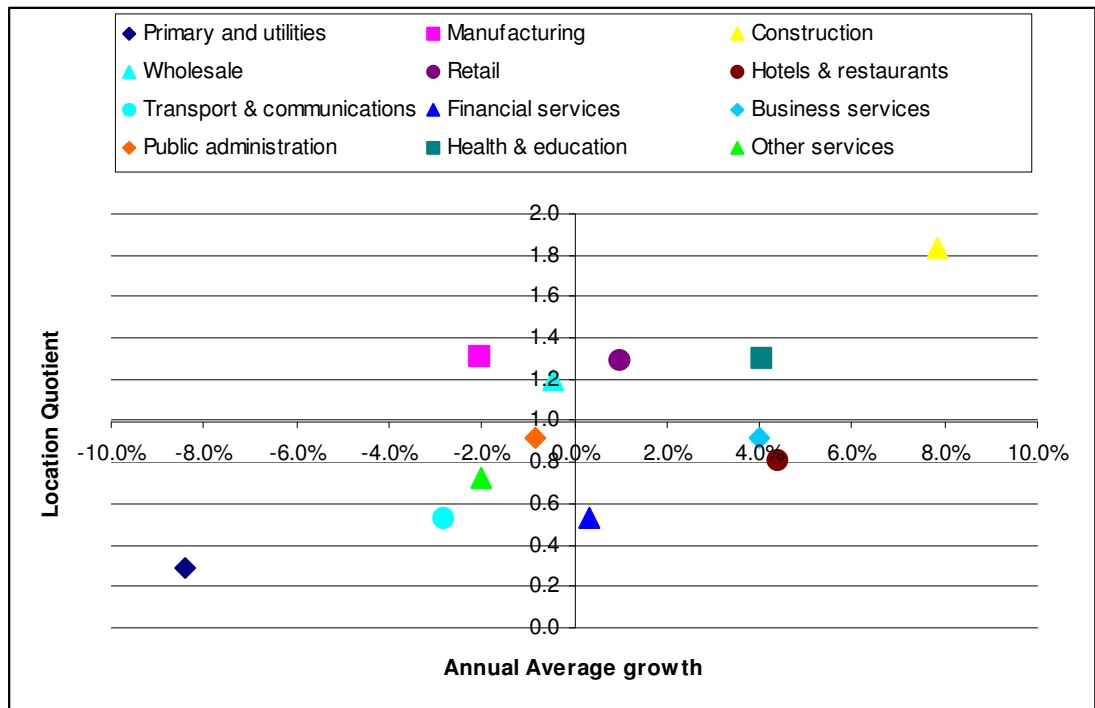
Table 5-7 below provides a summary of proportionate employment in Harrow and London and the related location quotients for each sector. Figure 5-2 presents graphically the sector location quotients plotted against the annual growth rates for each sector. Again, those sectors in the top right corner are growing sectors with a potential advantage for operating in Harrow. Manufacturing and wholesale are sectors that still employ proportionally more people in Harrow than elsewhere in London so may have some regional comparative advantage for operating there but those sectors have been declining over the last decade so should be monitored closely for future decline.

Table 5-7 Summary Analysis – Harrow/London Location Quotient

Sector	Harrow		London		Location Quotient
	No of Employees	% of total	No of employees	% of total	
Primary and Utilities	55	0.1%	11,130	0.3%	0.3
Manufacturing	4,791	7.2%	215,600	5.5%	1.3
Construction	3,698	5.5%	119,185	3.0%	1.8
Wholesale	4,311	6.4%	212,141	5.4%	1.2
Retail	8,338	12.5%	379,893	9.6%	1.3
Hotels & restaurants	3,992	6.0%	289,125	7.3%	0.8
Transport & Communications	2,734	4.1%	305,112	7.7%	0.5
Financial services	2,739	4.1%	306,517	7.8%	0.5
Business services	14,607	21.8%	943,342	23.9%	0.9
Public administration	3,589	5.4%	229,987	5.8%	0.9
Health & education	14,696	22.0%	665,881	16.8%	1.3
Other services	3,373	5.0%	275,296	7.0%	0.7
Total	66,923	100.0%	3,953,209	100.0%	

Source: ONS, ABI (2004), URS (2006)

Figure 5-2 Location Quotient LB Harrow/London Against Average Annual Sector Growth in LB Harrow 1995-2004



Source: URS 2006, ONS ABI 1995-2004

5.5.3. West London Sub-Region Analysis

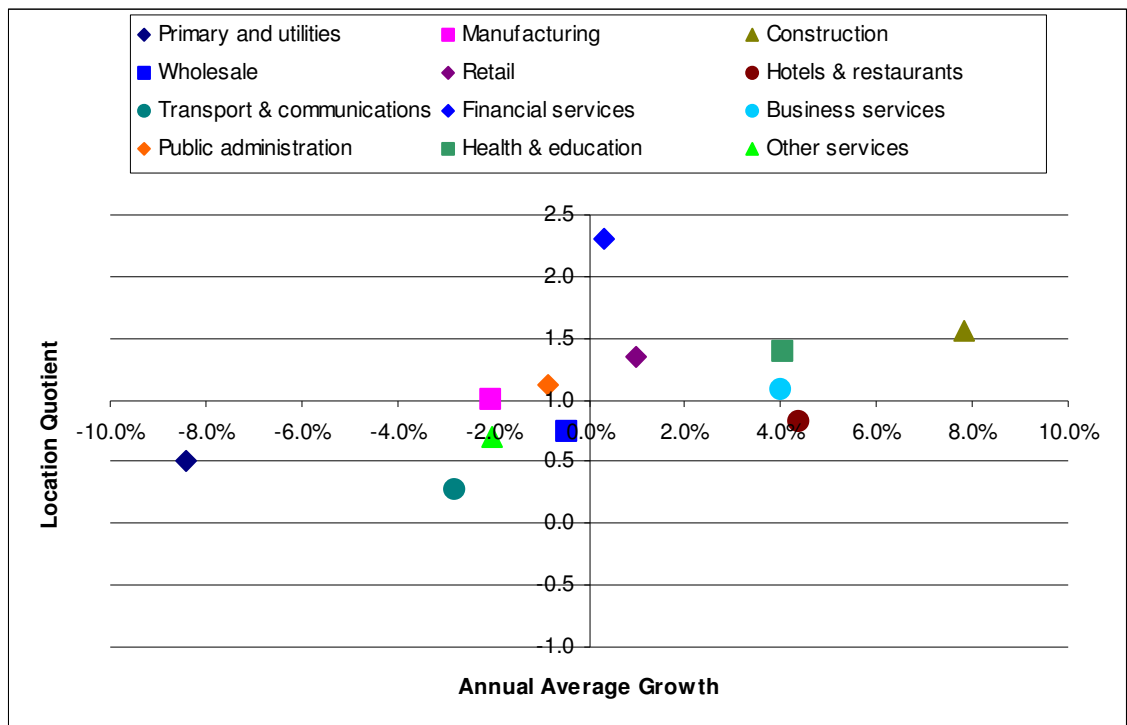
To understand potential growth sectors on a more local level we have undertaken the same analysis comparing proportional sector employment in Harrow to employment in West London. There are a number of growing sectors in LB Harrow that may have some advantage to operating in Harrow rather than elsewhere in the West London sub-region. These are the sectors in the top right hand of Figure 5-3 below. The construction sector shows a particularly strong growth rate and location quotient indicating that the businesses in that sector may have a preference to being in Harrow rather than elsewhere in West London. The financial services sector also has a particularly strong presence in LB Harrow compared to West London as whole. Other growth sectors in Harrow with a location quotient greater than one include retail; business services; public administration; and health and education. Table 5-8 below summarises the proportion of employees in each sector in Harrow compared to West London and the related location quotients for each sector.

Table 5-8 Summary Analysis – Harrow/West London Location Quotient

Sector	Harrow		West London		Location Quotient
	No of Employees	% of total	No of employees	% of total	
Primary and Utilities	55	0.1%	1,107	0.2%	0.5
Manufacturing	4,791	7.2%	48,692	7.1%	1.0
Construction	3,698	5.5%	24,193	3.5%	1.6
Wholesale	4,311	6.4%	59,291	8.7%	0.7
Retail	8,338	12.5%	63,307	9.2%	1.3
Hotels & restaurants	3,992	6.0%	49,068	7.2%	0.8
Transport & Communications	2,734	4.1%	101,868	14.9%	0.3
Financial services	2,739	4.1%	12,147	1.8%	2.3
Business services	14,607	21.8%	136,474	19.9%	1.1
Public administration	3,589	5.4%	32,734	4.8%	1.1
Health & education	14,696	22.0%	107,299	15.7%	1.4
Other services	3,373	5.0%	48,896	7.1%	0.7
Total	66,923	100.0%	685,076	100.0%	

Source: ONS, ABI (2004), URS (2006)

Figure 5-3 Location Quotient LB Harrow: West London against Average Annual Sector Growth in LB Harrow 1995-2004



Source: URS 2006, ONS ABI 1995-2004

5.5.4. Summary

The location quotient analysis presented above highlights the interaction the economy of Harrow has with the national, regional and sub-regional economies. Certain sectors in Harrow, business services for example, have a more prominent position than the same sectors nationally but when viewed on a regional and particularly a sub-regional level Harrow prominence tends to diminish. Table 5-9 below shows the sectors in Harrow that are growing and whether they have a potential comparative advantage for operating in LB Harrow (i.e. location quotient greater than one) compared to other national, regional and sub-regional locations. An economic development strategy for the Borough might be to nurture and enhance the growth of these sectors.

Table 5-9 The Comparative Advantage of Growth Sectors

Growth Sectors	Comparative Advantage		
	National	Regional	Sub-regional
Construction	✓	✓	✓
Retail	✓	✓	✓
Hotels and restaurants	x	x	x
Financial Services	x	x	✓
Business Services	✓	x	✓
Health and education	x	✓	✓

Source: URS, 2006

Attention should also be given to sectors that are declining but are overrepresented in Harrow as further decline in these sectors might pose a greater threat to the local economy.

Table 5-10 presents those sectors declining in Harrow and whether they are still show a potential advantage when compared to national, regional and sub-regional trends (i.e. still showing a comparative advantage).

Table 5-10 Comparative Advantage of Declining Sectors

Sectors in Decline	Comparative Advantage		
	National	Regional	Sub-regional
Primary and utilities	x	x	x
Manufacturing	x	✓	x
Wholesale	x	✓	x
Transport and communications	x	x	x
Public administration	x	x	✓
Other services	x	x	x

Source: URS, 2006

5.6. Other Sectors of Interest

5.7. Introduction

This section provides a brief overview of other employment and employment land related trends that could influence the likely future levels and type of demand in the Borough.

5.7.1. Creative Industries

The creative industries economic role is growing in importance and relevance to employment planning and development policies. It is widely viewed as an important element contributing towards economic regeneration and social inclusion. Typical sectors include: Advertising; Architecture; Arts and Antiques; Crafts; Design; Designer Fashion; Software and Computer Services; Music; The Visual and Performing Arts; Publishing; Radio and TV; and Video, Film and Photography.

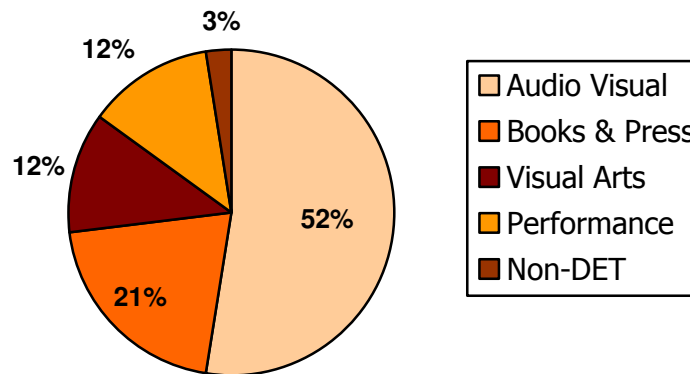
Creative businesses range in size from large multi-national advertising firms to small single employee design firms and more than half a million people are employed in the sector in London. According to GLA Economics report *Creativity: London's Core Business (2002)* creative industries have accounted for "between a fifth and a quarter of job growth in London Between 1995 and 2001". Recent estimates place the annual creative industries turnover at £21 billion with a growth rate of almost 4.5% - double the average growth for the economy as whole. London and especially Central and West London form an international hub for the creative industries.

Recent research carried out by Tom Fleming Creative Consultancy and published in the report 'London Borough of Harrow: Creative Industries Mapping Report' provides an overview of the types of creative industries active in LB Harrow and maps creative firms and employment across the Borough. Key findings of this work were:

- In 2005 there were 2,269 Creative Industries firms in Harrow.
- Creative Industries employed over 5,100 people in 2005.
- Creative industry firms tend to cluster around town centres or major transport nodes with Harrow Town Centre being the most important centre in Harrow.
- Micro and small businesses form the majority of Creative Industry firms although there are a significant number of individual arts practitioners and sole traders.
- Most Creative Industry firms in Harrow are involved in the creation stage of the production chain.

The research found that the majority of Creative Industries employment in LB Harrow is focused largely in the creative aspects of the Audio Visual sector.

Figure 5-4 Creative Industries Employment in Harrow by Sub-sector



Source: Tom Fleming Creative Consultancy, 2006

A range of activities are included in the Audio-Visual sub-sector include the creation, production, dissemination and exhibition of film, broadcast media (including advertising), music and also digital content, multi-media and software (Fleming, 2006). Forecasts indicate that most growth is expected in the latter sub-sectors related to digital content provision. In fact the Boroughs close proximity to the BBC, Endemol and Ealing Studios could provide the right environment for growth.

In relation to employment land the research cited a key weakness in facilitating Creative Industries growth in LB Harrow is expensive and inappropriate workspaces. Key opportunities were identified as being the development of a strong incubation centre, as well as increasing the amount of studio space, workspace, and exhibition and performance space primarily through the redevelopment of Harrow Town Centre.

5.7.2. Waste Management Facilities

Increasingly a source of demand for employment land will be the need to have waste and recycling operations close to the place of production. According to the Government's 'Waste Strategy 2000 for England and Wales' (DETR, 2000), decisions regarding waste management should involve the 'best practicable environmental option (BPEO)'. The BPEO is based on three principles:

- The waste hierarchy: reduction (minimisation); re-use; recovery (recycling, composting, energy recovery); disposal
- The proximity principle: requires waste to be managed as close to the place of production as possible
- Regional self-sufficiency: requires that each region provides facilities with sufficient capacity to manage the expected quantity of waste needed to be dealt with in that area for at least ten years.

As more focus is placed on the recovery and reuse of industrial and commercial waste, demand for locations near to waste producers will likely increase as the proximity principle comes into force. Operators of recycling and reclamation facilities are likely to find it more efficient to be located within industrial and commercial areas – close to their target market.

The London Plan sets a target of 85% self-sufficiency for managing London's waste within London by the year 2020. The GLA carried out research in to the potential for new waste sites in London and reported their findings in 'Recycling and Recovery Facilities: Sites Investigation in London' (July 2005). The research analysed the existing and future capacity of existing waste management facilities and to determine the number of additional sites required to meet the Government's waste management objectives. The study provided sub-regional guidance for managing waste in each area. The guidance for West London states that:

'West London should aim to become self-sufficient and provide for a proportion of Central London's waste management needs. Change of use of transfer stations to other waste management facilities should be sought over time. Strategic opportunities should be sought that encourage the use of the West London canal network. Smaller, local facilities should be sought throughout the Sub-Region'.

Harrow is assessed as being heavily constrained and unlikely to be able to provide further facilities on a large scale. However development of the joint waste DPD will involve the appraisal of options for providing a range of different-sized facilities, including smaller, local facilities in the sub-region.

5.8. Summary

The economy of Harrow has experienced continued growth over the last decade. The Borough has seen an increase in employment across a variety of sectors highlighting the fact that Harrow's economy is not dominated by one particular sector. Harrow's economy tends to be more service oriented and there has been a general decline in the more traditional employment sectors such as manufacturing, wholesale and transportation.

The main sectors driving employment growth in Harrow are: business and financial services; health and education; hotels and restaurants; and retail. Office based jobs (business and financial services) also show growth as well as a potential comparative advantage particularly in comparison to other locations in West London and Great Britain but not in comparison to the whole of London. This is not unexpected with the City and Central London providing an international hub for business and financial services.

In comparison to London, the manufacturing sector shows a potential advantage towards being located in Harrow but with continued overall decline in that sector it may be difficult to build on that strength.

In terms of demand for employment land the key growth sectors that have been identified through the location quotient analysis are business and financial services (B1 office)

though it is more likely to be experienced through small and medium sized enterprises rather than the more traditional large employers seen in the City.

Harrow benefits from an established entrepreneurial culture exhibiting a steady level of new business start-ups, which should be fostered and enhanced through the provision of adequate space for new, especially small businesses. Growth in creative industries employment is likely to continue in Harrow due to its association with West London. The sector is strong in West London, particularly in Hammersmith and Fulham and employment in the creative industries will likely spread to the more peripheral locations such as Harrow as the supply of affordable and appropriate space in Hammersmith and Fulham, for instance, becomes constrained.

Demand for land for waste management is unlikely to play a major factor in the overall level of employment land demand in Harrow due to site constraints. However, through the development of the joint waste DPD opportunities should be identified to locate some small-scale local facilities on existing industrial areas.

6. THE EMPLOYMENT LAND MARKET

6.1. Introduction

This section provides an analysis of the office and industrial property market in Harrow and, to a lesser extent, surrounding boroughs. The objectives of this section are:

- To identify the pattern of demand in commercial property in the study area
- To provide an analysis of commercial property availability in the study area linked to past demand levels

The method used has involved a combination of review of material and data, discussions with local authorities and local property agents, and in-house market knowledge. The results of this approach have enabled the above components to be rigorously examined, with a robust assessment produced.

The analysis is split into industrial (B2 and B8 Use Classes) and office (B1) property sectors. These are the key commercial property sectors covered in terms of employment land. It was recognised that Use Class B1c dealt with light industrial activities, and this was incorporated into the analysis as far as possible.

The focus of the study is the London Borough of Harrow. However, the market area for property is not limited by local authority boundaries, with factors pertinent to business operations being more of an influence, such as labour supply.

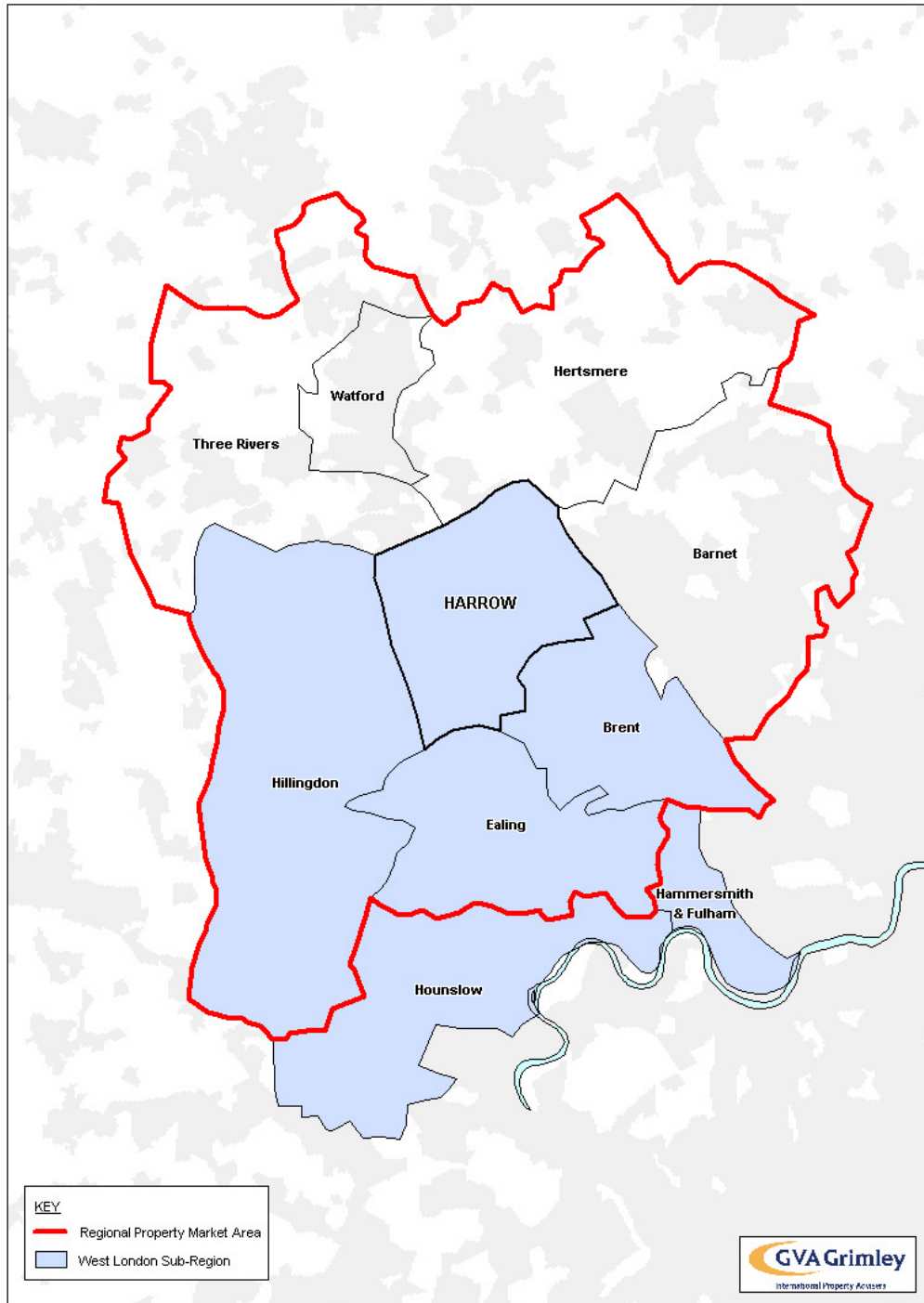
Accordingly, as part of our analysis of the property market we have examined activity beyond the local authority boundaries of Harrow. Reference to the pan-London position has also been included where relevant. Details on the geographical units of analysis are provided in the next Section.

6.1.1. Approach to Property Assessment

The primary focus of this market assessment has been to examine changes in the total stock of industrial floorspace, past development rates and the potential supply of property to meet future demand in the London Borough of Harrow. Property markets do not necessarily follow local authority boundaries. Nevertheless, local authorities are a primary unit of data analysis and so have been used as a basis for carrying out the property assessment. To set the analysis of the Harrow employment land market in context the wider geographical market has been included in the study.

The boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Hammersmith have been included in the analysis on the basis that they form the West London Sub-Region (WLSR) in terms of the London Plan (see Figure 6-1).

Figure 6-1 Map of the West London Sub-Region and Regional Property Market Area



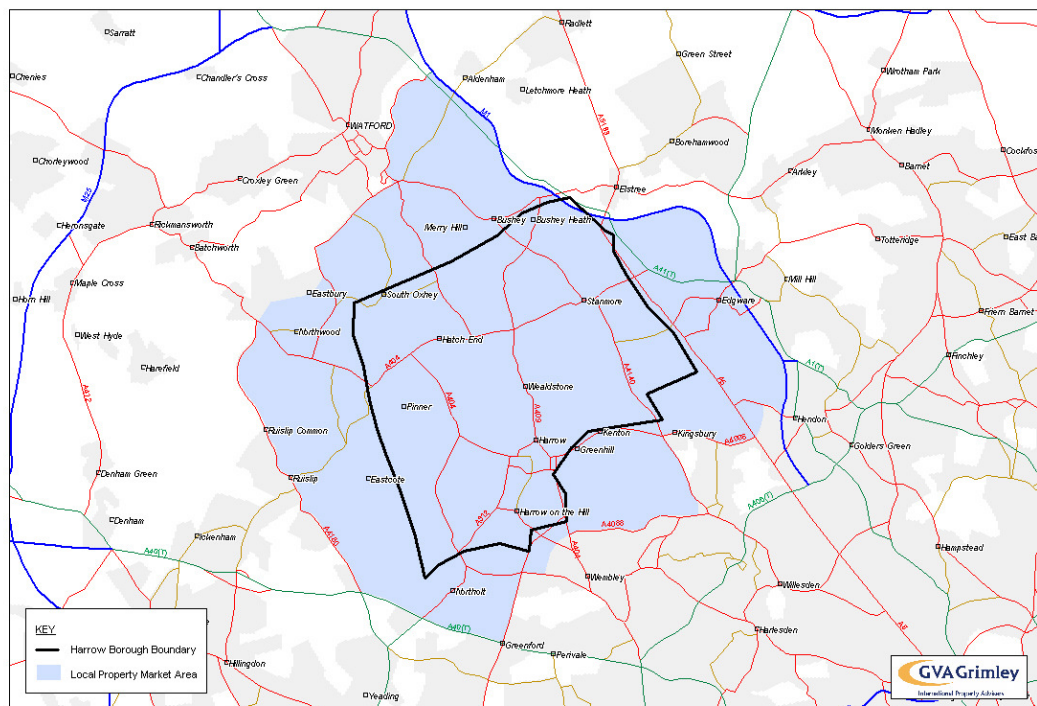
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However, we have also used what we see as more appropriate study areas. The first is a Regional Property Market Area (RPMA) (Figure 6-1), based around the following local authorities, which it should be noted extend beyond the Greater London boundary.

- Barnet
- Brent
- Ealing
- Harrow
- Hillingdon
- Hertsmere
- Three Rivers
- Watford

However, a more localised core study area – called the Local Property Market Area (LPMA) - has also been used where possible (see Figure 6-2). This is intended to closer reflect the property market in Harrow. It therefore includes all of Harrow and extends to the road network beyond the Borough. The boundary thus includes the A40 in the south, along the A4180 and A4125 northwards towards Watford and the M1, the M1 from Junction 5 to Junction 1, and from Junction 1 of the M1 to the A40 via the A4006 and A4088.

Figure 6-2 Local Property Market Area



It must be stressed that this is an indicative boundary, as the availability of data at a ward or postcode level determined the precise geographical boundaries. However, the

boundary used is considered to reflect the property market associated with Harrow, even though it extends beyond borough boundaries.

As appropriate, we have reported data at the level of Harrow Borough. However, it needs to be recognised that, as this was based upon postcode level data, it does not match precisely the administrative boundaries of the London Borough of Harrow. Even so, the differences are likely to be relatively small, and so the figures can be taken as reflective of Harrow as a whole.

The analysis has also distinguished between the industrial and office property markets. However, the distinction between and within these markets is not always straightforward in planning terms as reflected in the Use Classes. Broadly, however, we have taken industrial property to be reflected by the B1c, B2 and B8 Use Classes, and office property to be reflected by the B1 Use Class, although reference to the A2 Use Class is made as appropriate.

6.1.2. Components of Analysis

As indicated above, we have examined changes in the stock of floorspace, development rates and the supply of property in the study areas as appropriate. Each of these elements is examined in turn in the subsequent sections, firstly for the industrial property sector and then for the office property sector.

The change in total stock indicates the total capacity of an area to support a particular activity, such as industrial or office use. A decrease or increase in total stock thus provides an indication of the relative floorspace demand of that sector of the economy, and provides a baseline against which the development activity and supply data can be compared.

In terms of the change in total stock, whilst this shows the net change in property, it does not illustrate the pattern of new built property and losses of property to other uses across years. In other words, within a falling total stock of industrial or office floorspace, for example, new industrial or office property development is likely to continue to take place. This will partially be as a result of demand from new start-up enterprises or expanding businesses, but also from the need to provide more suitable locations (both in specification and location) for businesses.

However, whilst this process is taking place there may also be a loss of existing industrial or office property to other uses (or, indeed, a gain in stock), due to factors such as poor location or lack of demand for that type of property. There are two aspects to this analysis.

The first aspect is an examination of planning permission granted across the period 1993 to 2004. This examines both permissions for new space and change of use, with a resulting net development rate identified (i.e. 'gains' in space minus 'loss' of space to other use). This analysis provides an indication of the attractiveness and/or viability of the area from a development or re-development perspective.

The second aspect is an examination of the take-up of space. This provides a wider coverage of market demand than planning permissions, as it covers the take-up of 'second-hand' space as well as new space. This is a measure of overall demand in the area, some of which may not wish to occupy or cannot afford new space.

Following on from the analysis of change in stock and development rate, an analysis of the current supply of commercial property is provided. This is used to relate past demand rates with current supply levels to identify the potential adequacy or otherwise of available property. This is expressed in terms of number of year's supply, which can be used as a gauge as to the degree of over or under supply of floorspace.

A note of caution relates to the availability of data across various time periods. Basically, a completely consistent set of data timeframes is not available for all the aspects of property being examined. The stock of floorspace, for instance, is currently updated annually. However, this has only been the case since 1998 using current measurement and recording standards by the Valuation Office Agency (VOA). There can be differences between the data between years due to factors other than actual floorspace change, such as changes in measurement practice, backdating of data records and reclassification of space. This means that the data is best seen as a guide on trends rather than a precise measure of change.

For consistency, however, we have focussed on the floorspace stock data published by the ONS as part of their Neighbourhood Statistics Service (NeSS) series, covering the period 1998 to 2004. Data from 1986 has been included as a point of reference. All these data sets are based upon VOA data.

Similarly, property take-up data is really only reliable since 1995, which has been used as the cut-off in the analysis. Data coverage is therefore from 1995 to 2005 inclusive, which enables the activity over the last year to be incorporated into the analysis. Planning permission data, meanwhile, is only available from 1993 to 2004. Instead of cutting-off the 1993 and 1994 data to make a consistent series with the take-up data, these early year figures were included in order to provide as full a picture as possible of what is happening in property terms in the Borough.

6.2. Industrial Property Market

6.2.1. Change in Stock

The total stock of industrial floorspace has declined dramatically in London over the past 20 years. This trend has happened nationally, however, although London has seen a greater relative level of decline, reflecting factors such as the poor environment of London for industrial activities and the changing economic structure of London. This section examines trends in Harrow, the West London Sub-Region and the Regional Property Market Area, in order to assess patterns as they relate to the industrial market in this part of London.

Table 6.1 summarises the change in industrial floorspace in Harrow. From this it can be seen that the total factories floorspace stock (the closest activity to Use Class B2) over the period 1998 to 2004 increased by almost 13%. This is in contrast to London as a whole, or the overall change in the West London Sub-Region or the Regional Property Market Area, which all witnessed a decline in the total amount of manufacturing floorspace.

However, this increase is due particularly to a relative large increase between 2003 and 2004. Given that the long-term trend from 1986 to 2003 appears to have been a decline in manufacturing-related floorspace (albeit it at a reducing rate of decline), along with the evidence from planning permission data discussed in Section 6.2.2, it may be more likely that 1998 to 2004 is best seen as a period of relative stability in terms of change in manufacturing floorspace.

Table 6-1 Change in Stock of Industrial Floorspace in Study Areas ('000 sq m)

Source	Date	Warehouse	Factories	All Industrial
ONS	Apr-2004	158	264	422
ONS	Apr-2003	157	239	396
ONS	Apr-2002	160	240	400
ONS	Apr-2001	159	240	399
ONS	Apr-2000	162	241	403
ONS	Apr-1999	135	231	366
ONS	Apr-1998	135	234	369
VO	Apr-1986	196	276	471

Source: ONS, VOA

Analysis of employment trends over the period 1999 to 2004 indicates that the manufacturing sector in Harrow saw a reduction in employment of 27%, partly due to cheaper production elsewhere and increased use of technology. It does need to be emphasised that there is not a precise correlation between floorspace and employment data, and so the figures need to be treated cautiously. Even so, it is clear that the increase in manufacturing floorspace occurred whilst overall manufacturing employment levels were declining.

Part of the explanation for this may be due to the lagged effect between employment change and floorspace change. Thus, whilst employment levels can change relatively rapidly, changes in floorspace take longer to feed through. Some support for this can be seen from an analysis of employment density levels. In 1998 the average manufacturing employment density was 35 sq m in Harrow. By 2004 this density level had decreased to 55 sq m.

A figure of 55 sq m per person is considerably above benchmark figures produced by authors such as English Partnerships, which typically identify 30-35 sq m as usual employment density figures for manufacturing space. It may be the case, therefore, that

the overall stock provision of manufacturing floorspace in Harrow is unlikely to increase over the next decade. This is not to say that new space will not be developed, but that overall there may not be a capacity-based need for an increase in the total stock of floorspace in the borough. This is a matter discussed further in this section, and later in Section 8.

The change in stock in warehousing floorspace (closest to the B8 Use Class) is also summarised in Table 6.1. This covers the same geography as for the manufacturing floorspace analysis. From Table 6.1 it can be seen that Harrow witnessed an increase in warehousing floorspace over the period 1998 to 2004 of 17%.

This is above the average seen for London as a whole, and the West London Sub-Region and the Regional Property Market Areas overall. However, there has been effectively no change between 2001 and 2004, unlike most of the other local authorities, which saw noticeable increases in warehousing stock. This 'no change' position has some support from the planning permission data discussed later.

Nevertheless, it does need to be recognised that Harrow is not a prime location for warehousing, primarily because of better suited locations in surrounding local authorities which have access to key road networks. Harrow is also characterised by having a lack of large sites suitable for modern operational requirements by the distribution sector and of the few large sites that do exist their development for distribution uses is not considered to be viable or acceptable in relation to local issues such as the road network (mainly residential roads) and the difficulty of accommodating such uses in Harrow. Thus adjoining boroughs like Brent, Ealing and Hillingdon, are better placed by virtue of their location, for example, having the A40 running through them or close by, which is a key distribution route in West London.

In addition, however, the stock of warehousing property in Harrow tends to be much smaller than is required by major logistics operators, be they third party operators or direct suppliers. This has, historically, compounded the relatively less attractive geographical position of Harrow. This helps explain why the total stock of warehouse floorspace in the Borough is so much lower than other boroughs in the West London Sub-Region.

The change in warehousing stock suggests that Harrow is capturing a reasonable level of distribution activity, partially reflecting value or supply constraints in the more traditional distribution markets of Brent, Ealing and Hillingdon, which may be resulting in a transfer of demand into Harrow. In terms of manufacturing, however, Harrow appears a more buoyant market than the rest of the Regional Property Market Area and West London Region.

Support for this comes from an analysis of the change in stock with the Harrow Local Property Market Area, which has been carried out at a ward level. This is based upon 2003 data, which is the latest date available at this geographic level. It should be noted that the figures do not tie up precisely with those provided in Table 6-1 as the geographies used are slightly different and gaps in the data at ward level. The analysis has also been carried out for the whole of the Local Property Market Area.

Table 6-2 summarises the results of this analysis. This reveals an interesting insight into the make-up of the industrial market in Harrow. It can be seen that the industrial market in Harrow is dominated by the manufacturing sector compared with the warehousing property market – of the order of almost two to one. This is in contrast to the rest of the Local Property Market Area, in which warehousing space (which is likely to be primarily distribution space) makes up over two-thirds of the total industrial property stock.

In addition, the average size of manufacturing units in Harrow is almost 50% larger than the rest of the Local Property Market Area – 900 sq m compared to 427 sq m. In contrast, the average size of warehousing units in Harrow is 378 sq m compared with 897 sq m for the rest of the Local Property Market Area – almost 60% smaller. This reinforces the point about the importance of the manufacturing sector in Harrow relative to the warehousing sector.

In fact, if the ‘core’ industrial area in Wealdstone is examined, this pattern is more pronounced. The average manufacturing unit size in this area is just over 2,800 sq m, an indication of the significance, in terms of size, of manufacturing businesses in this area.

Table 6-2 Breakdown of Industrial Property Stock in Property Market Area (2003)

Location	Manufacturing	Warehousing
	Average Size (sq m)	Average Size (sq m)
Local Property Market Area	566	757
Harrow	901	378
Rest of Property Market Area	427	897

Source: Valuation Office, ODPM

6.2.2. Development Activity

The change in total stock, whilst showing the net change in property, does not illustrate the pattern of change across years. In other words, within a falling total stock of industrial floorspace, new industrial property development is likely to continue to take place. This will partially be as a result of demand from new start-up enterprises or expanding businesses, but also from the need to provide more suitable premises (both in specification and location) for businesses.

However, whilst this process is taking place there may also be a loss of existing industrial property to other uses, due to factors such as poor location or lack of demand for that type of property. This change, or development activity, is considered below.

Planning Permissions

Table 6-3 below shows the net change in industrial floorspace (sq m) resulting from planning permissions granted in Harrow since 1993. This is derived from the increase in floorspace permitted minus the decrease in floorspace (i.e. change of use). For each of the classifications (manufacturing B2 and distribution B8) there is a floorspace total showing the annual increase in floorspace as a result of planning application, and a total

showing the reduction in floorspace as a result of planning applications. The net figure is shown in the third column.

Table 6-3 Industrial Planning Permissions Granted in Harrow Borough Council

Date	B2 (sq m)			B8 (sq m)			B2/B8 (sq m)		
	Gain	Loss	Net Gain	Gain	Loss	Net Gain	Gain	Loss	Net Gain
2004	313	4792	-4479	2105	74	2031	2418	4866	-2448
2003	1592	6421	-4829	2619	3298	-679	4211	9719	-5508
2002	5841	3122	2719	1377	619	758	7218	3741	3477
2001	667	1112	-445	893	268	625	1560	1380	180
2000	816	2281	-1465	388	3973	-3585	1204	6254	-5050
1999	5594	616	4978	207	6035	-5828	5801	6651	-850
1998	4546	118	4428	465	6780	-6315	5011	6898	-1887
1997	2685	730	1955	297	1215	-918	2982	1945	1037
1996	9255	5047	4208	352	456	-104	9607	5503	4104
1995	490	2156	-1666	1998	53	1945	2488	2209	279
1994	3435	696	2739	1120	2554	-1434	4555	3250	1305
1993	4029	4684	-655	3067	3967	-900	7096	8651	-1555
Average	3272	2648	624	1241	2441	-1200	4513	5089	-576
Sum	39263	31775	7488	14888	29292	-14404	54151	61067	-6916

Source: Harrow Borough Council

A word of caution is needed in interpreting the figures. The data is based on an analysis of aggregate planning permission information maintained by Harrow Borough Council. The data is not directly comparable with the change in stock data, due to differences in measurement practice, time periods used, status of land use change, and components of land use making up industrial floorspace. As such, the two data series (total stock and planning permissions) are best viewed as indicators of trends, rather than precise measurement statistics.

In terms of manufacturing-related space (B2) there has been a small net increase in the development rate over the period 1993 to 2004. In other words, there has been an average annual increase of industrial space of 624 sq m, or 7,488 sq m in total. There is some correspondence with the change in stock data for the period 1998 to 2003, with a small net increase from both data sets (5,000 sq m from stock change data and 7,341 sq m from planning permission data). This reinforces the point made earlier that the more recent property trends in the manufacturing sector represent a period of stability.

Distribution space (B8) has seen an average annual net reduction in the development rate of 1,200 sq m, or 14,404 sq m in total between 1993 and 2004. Given the total scale of warehousing/distribution in Harrow relative to manufacturing, this may not be a surprise, although it is in contrast to the Regional Property Market Area and West London Region overall. However, it is worth noting that the trend over the last four years (2001-

2004) has been for a net increase in distribution development – 2,735 sq m in total or 684 sq m per annum. It is too early to conclude if this is an on-going trend, or simply a reflection of exceptional activity, but it does demonstrate that demand in the industrial market can vary over time.

Take-up

Analysis of the take-up of floorspace over the period 1995 to 2005 has been carried out. This looks at the rate at which ‘completed’ property is occupied, along with the rate of occupation of available or ‘second-hand’ property. It is important to note that this analysis cannot easily distinguish between manufacturing and warehousing uses (i.e. B2 and B8 Use Classes). Instead a global ‘industrial’ development rate is used as the basis of analysis. It should also be noted that the figures do not capture all transactions, but are taken as covering approximately 75% of the market.

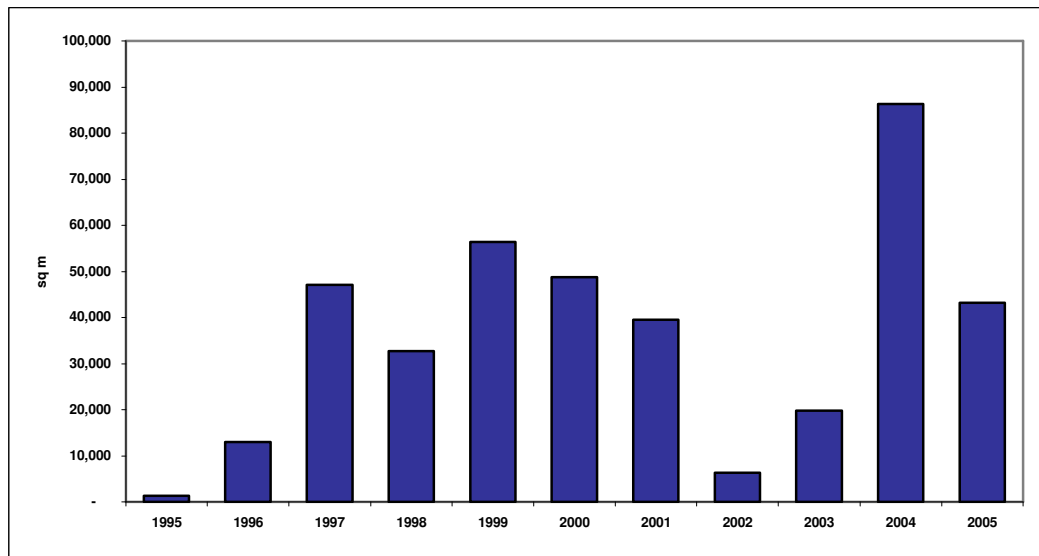
Table 6-4 provides a summary of the take-up of industrial floorspace in the Local Property Market Area as a whole. The average take-up of industrial floorspace in the Local Property Market Area has been approximately 35,860 sq m per annum. A summary breakdown of take-up by size band is provided in Table 6-4. This shows that the majority of take-up is in the largest floorspace category of above 1,850 sq m (20,000 sq ft) with relatively limited take-up in the smaller size categories (under 465 sq m).

Table 6-4 Local Property Market Area and Harrow Industrial Take-Up

Floorspace Range	Local Property Market Area Average Annual Take-up – sq m (% total)	London Borough Harrow Average Annual Take-up - sq m (% total)
<185 sq m	392 (1%)	206 (13%)
185-465 sq m	887 (2%)	60 (4%)
465-1,850 sq m	6,707 (19%)	717 (47%)
1,850 sq m +	27,872 (78%)	542 (36%)
Total	35,859 (100%)	1,523 (100%)

Source: Focus, GVA Grimley

Figure 6-3 Industrial Floorspace Take-up in Local Property Market Area



Source: Focus, GVA Grimley

Part of the explanation for take-up of the larger space units is that the Local Property Market Area incorporates a number of major industrial locations that are outside of the Borough of Harrow. Many of these are dominated by distribution activities, as discussed earlier, and will therefore have correspondingly larger levels of activity, at least in amount of floorspace. In other words, demand for larger industrial units in the Local Property Market Area is drawn towards locations on the periphery of this market area, which are generally just beyond the borders of the London Borough of Harrow.

Illustration of this point is contained in the figures of industrial take-up for Harrow Borough in Table 6-2. From this it can be seen that industrial take-up in Harrow has been approximately 1,520 sq m per annum over the period 1995 to 2005. Industrial take-up in Harrow therefore comprises approximately 4% of total activity in the Local Property Market Area in terms of amount of floorspace. The largest proportion of take-up, at almost 50%, has been in the 465 to 1,850 sq m category (5,000 to 20,000 sq ft).

The data in Table 6-4 indicates that Harrow itself (as opposed to the slightly wider Local Property Market Area) is orientated more towards demand from smaller industrial organisations, notably between 465 -1,850 sq m and the smaller end of the market (under 185 sq m). It is these groups that provide the majority of demand (60%). However, a sizeable proportion of demand (36%) is in the largest category (above 1,850 sq m), although this is based upon four major deals, suggesting that the market for this space is more periodic than constant.

It does need to be recognised that take-up levels are not necessarily reflective of complete demand. Actual take-up will be influenced by factors such as the quality and size of available property, price and occupational arrangements, and location requirements of the occupier. There may, therefore, still be demand that is unsatisfied

within an area by virtue of the composition of available supply. In other words, the historic take-up picture can only be used as a guide as to potential future demand.

Detail at the local area shows little difference from the borough-wide picture, although this is primarily due to the majority of industrial activity being located in two broad areas: Harrow Town Centre to Wealdstone and the Stanmore/Burnt Oak area. Demand in Harrow/Wealdstone is approximately 550 sq m per annum, whilst in Stanmore/Burnt Oak it is 700 sq m per annum – roughly 80% of total demand (as measured by take-up) in the Borough. The Harrow/Wealdstone demand has been led by the largest space size (above 1,850 sq m), but there has also been relatively strong demand for smaller units (under 185 sq m) in this area. In Stanmore/Burnt Oak demand has been led by the 465-1,850 sq m category, with very limited take-up of smaller units.

6.2.3. Available Floorspace

Analysis of commercial property databases¹⁸ has indicated that in the Local Property Market Area there is approximately 114,700 sq m of industrial property available. On the basis of past take-up rates, as summarised in Table 6-4 and Figure 6-3, this amount of available property in the Local Property Market Area is equivalent to 3.2 year's demand.

A breakdown of available floorspace has been provided for the London Borough of Harrow, and is summarised in Table 6-5. Whilst this shows an overall notional supply of 3.2 years – the same as the Local Property Market Area – what is of interest is how this relates to size of available unit and demand for these size ranges. A first point to note is the lack of supply of larger (above 1,850 sq m) units. Typical demand is for units of 3,000 sq m in Harrow, notwithstanding that the overall demand over the period 1995 to 2005 has been 542 sq m per annum. There appears to be a more substantial supply of industrial floorspace in the size range 185 to 465 sq m at 7.6 years based upon past take-up rates, as well as in the 465 to 1,850 sq m category. In broad terms, there is a relative lack of the smallest (under 185 sq m) and largest (over 1,850 sq m) floorspace in Harrow based upon past take-up rates.

¹⁸ Focus and Egi, and GVA Grimley in-house database

Table 6-5 Industrial Availability and Take-up by Size in the London Borough of Harrow

Floorspace Range	Available Floorspace (sq m)			Annual Average Take-up (sq m)	Notional Years Supply
	Second-hand	New/Refurbished	Total		
<185 sq m	130	735	866	206	4.3
185-465 sq m	457	-	457	60	7.6
465-1,850 sq m	3,561	-	3,561	717	5.0
1,850 sq m +	-	-	-	542 ¹⁹	0
Total	4,148	735	4,883	1,523	3.2

Source: Focus, GVA Grimley

A point to note is that the above figures relate to property that is actively marketed. In practice there is likely to be other floorspace that is vacant or not being actively marketed, and which could add to the potential supply.

Details by local area are summarised in Table 6-6. From this it will be seen that, notionally at least, there appears to be an under-supply of small space (under 185 sq m) in Harrow/Wealdstone, compared with a substantial supply in Stanmore/Burnt Oak. In practice, given the relatively small scale of supply, an assessment based upon size band is highly problematic. What appears to emerge, however, is a more limited industrial supply in the Harrow/Wealdstone area – based on historic demand levels – than in Stanmore/Burnt Oak.

¹⁹ Although the annual average figure for take-up of units above 1,850 sq m is 542 sq m, this is based upon the overall **annual** average across the period 1995 to 2005. In terms of actual unit sizes taken-up, this equates to approximately 3,000 sq m.

Table 6-6 Industrial Availability and Take-up by Size in the Harrow Sub-Markets

Local Sub-Market	Floorspace Range	Available Floorspace (sq m)			Annual Average Take-up (sq m)	Notional Years Supply
		Second-hand	New/Refurbished	Total		
Harrow Town Centre / Wealdstone	<185 sq m	130	-	130	190	0.7
	185-465 sq m	457	-	457	40	11.5
	465-1,850 sq m	1,556	-	1,556	291	5.3
	1,850 sq m +	-	-	-	355	0.0
	Total	2,143	-	2,143	876	2.4
Stanmore / Burnt Oak	<185 sq m	-	735	735	13	57.8
	185-465 sq m	-	-	-	21	0.0
	465-1,850 sq m	2,005	-	2,005	426	4.7
	1,850 sq m +	-	-	-	187	0.0
	Total	2,005	735	2,740	647	4.2

Source: Focus, GVA Grimley

6.2.4. Market Commentary

Discussions with local property agents reinforced a number of the quantitative findings outlined above, as well as highlighting other matters of relevance. A first point related to overall demand levels for industrial floorspace in the borough, which were considered reasonably steady. The main focus of demand was warehousing/distribution space, as it is across London, with space in all size categories being sought. However, the main focus of demand appears to be the 500 sq m unit size. There is also demand for manufacturing space, generally smaller units (under 200 sq m), although the overall volume of enquiries is less than for warehousing/distribution space.

Some caution is needed in interpreting these views, however, as they are market based, and do not necessarily accord with the local authority boundaries of Harrow. Thus, demand for industrial property in the A40 and Watford areas was raised by agents as an influential factor upon overall demand in Harrow itself. In other words, demand just beyond the boundary of the borough of Harrow was difficult to disentangle from borough-specific demand. The key market area of industrial demand in the Borough was generally seen as the Harrow/Wealdstone axis.

The above issue helps explain some of the differences between the trends in the quantitative data and market views. Thus, in terms of planning permissions granted over the last decade, the indication from the data is that there has been more manufacturing 'demand' than warehousing 'demand'. However, these figures do not necessarily reveal the actual use to which space is put, and so a significant element of newly developed manufacturing (i.e. B2) space may be used for supporting activities such as distribution. Some support for this is revealed from the take-up data within Harrow. Although it is not possible to comprehensively distinguish between manufacturing (B2) and

warehouse/distribution (B8) take-up, identifiable deals do suggest greater activity from the warehousing/distribution sector.

Even so, there is still a divergence between the market perspective of local agents and the past planning permission data. It is difficult to fully reconcile these differences, but part of the explanation may well be due to perceptions of scale of demand by local agents. Across London as a whole the vast majority of industrial enquiries, both in number and value terms, are generally for warehousing/distribution space. The same appears true in Harrow, although there was a higher reporting on manufacturing demand relative to the general trend. The emphasis on 'higher value' warehousing/distribution enquiries by agents may therefore lead to an under-reporting by them on manufacturing demand.

The implication of the above point is that the actual 'demand' for manufacturing space in the borough of Harrow itself (as opposed to in the wider Local Property Market Area) may be higher than indicated by local agents but less than the implied demand level from the planning permission data. A robust figure for this demand cannot be provided, but as a guide the manufacturing demand levels in the borough could be between 20%-40% of the total annual take-up figure of 1,500 sq m.

A lack of suitable supply was often raised as a constraint on the market, especially in terms of new supply, as indicated in Table 6-6. Most industrial supply tends to be small (under 1,000 sq m) and secondary in nature.

Typical rents for reasonable quality industrial property tends to be around £8 per sq ft in Harrow. This compares with values of approximately £10 per sq ft at Park Royal, and £9 plus per sq ft in the A40/Westway areas. Watford industrial rents are around £8.50 per sq ft, whilst in Enfield they rise to approximately £9 per sq ft. This rent profile reflects the less attractive geographical location of Harrow relative to the key road network in this part of London.

6.2.5. Summary

In summary, planning permission evidence suggests a small net reduction in industrial development within Harrow between 1993 and 2004, although the past 4-6 years has seen a net increase in development. The trends revealed from the change in total floorspace stock data are generally consistent with that shown from the planning permission data when examined in terms of the manufacturing (B2) and warehousing (B8) split, at least in terms of direction. However, it does need to be recognised that the data series are not fully compatible due to different measurement methods used, time lags in data coverage and the definition of floorspace use. Even so, the broad pattern shows similarity.

Actual take-up of floorspace in Harrow indicates an annual demand level of 1,500 sq m, and based on the composition of the industrial employment base in the Borough the majority of this is likely to be for manufacturing or small-scale warehousing related floorspace. Whilst an analysis of take-up split by quality of floorspace has not been possible, based upon current supply patterns and the general nature of the industrial

market in Harrow then approximately 10%-20% of industrial demand could be associated with newly developed or refurbished floorspace.

6.3. Office Property Market

6.3.1. Change in Stock

The total stock of office floorspace has increased substantially in London over the last 20 years, along with the increase in service sector jobs. This section examines trends in Harrow and surrounding areas, in order to assess patterns as they relate to the office market in this part of London.

Table 6-7 summarises the change in office floorspace stock over the period 1998 to 2004, which saw a reduction by just over 4%. This was particularly due to reductions between 2003 and 2004 in both the commercial and 'other' office floorspace categories. This reduction was in contrast to all other local authorities in the various study areas. The closest comparison is Ealing, which saw no change in the total stock of office floorspace between 1998 and 2004. In other words, Harrow appears exceptional in the Regional Property Market and West London Sub-Region in terms of activity in the office property market.

This reduction in the total stock of office floorspace may reflect a re-balancing of the office property market, which saw above average development rates in the 1980s and 1990s. Some support for this comes from an analysis of employment density rates.

Although it is difficult to accurately map office floorspace with office-based employment activities, if a 'tight' definition of office-based activities is used (Financial Services and Business Services), then employment in Harrow over the period 1999 to 2004 increased by approximately 1,100. This results in the notional office employment density rate increasing from 20 sq m per person in 1998/9 to 18 sq m per person in 2004. These employment density rates are not exceptional, but it suggests that any re-balancing in the office stock may be largely complete, as any further significant overall reduction may result in less overall office space relative to employment requirements.

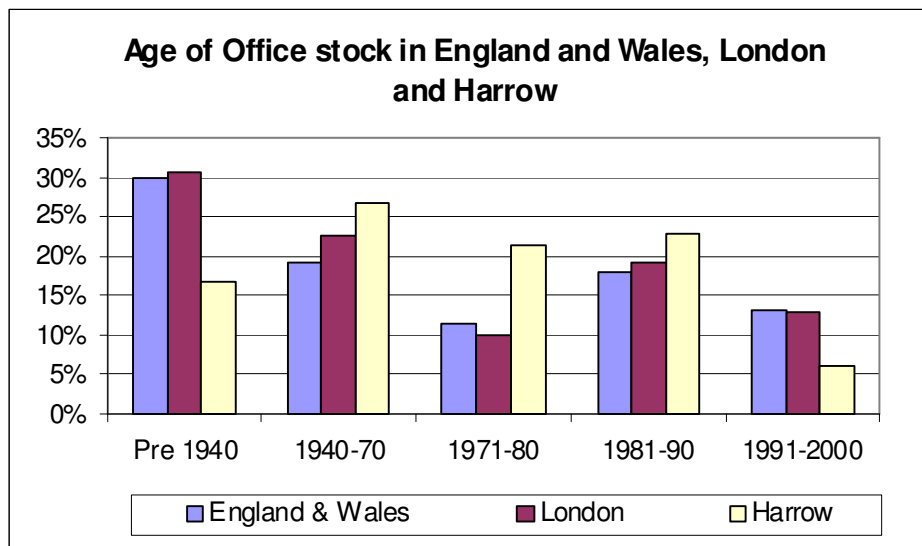
Table 6-7 Change in Stock of Office Floorspace in Study Area ('000s sq m)

Source	Date	Commercial Office	Other Office	All Office
ONS	Apr-2004	245	67	313
ONS	Apr-2003	306	74	380
ONS	Apr-2002	304	74	378
ONS	Apr-2001	306	74	380
ONS	Apr-2000	296	72	367
ONS	Apr-1999	267	53	320
ONS	Apr-1998	275	52	327
VO	Apr-1986	200	-	-

Source: ONS, VOA

The age of the office stock in Harrow has been analysed, and is summarised in Figure 6-4. The data is based upon an analysis of Valuation Office/ODPM data as at 2000, and categorises the office stock in terms of when it was built or re-developed. It is not directly comparable with the trend data illustrated in Table 6-7 above, but is a more accurate picture of the age of stock.

Figure 6-4 Age of Office Stock



Source: Valuation Office, DETR, ODPM

From Figure 6-4 it can be seen that the age composition of offices in England and Wales is similar to that of London, albeit that office property has a slightly older profile in London. Harrow has a distinctly different profile in that it does not have as much older (pre 1940) stock, nor does it have as much recent development (1991 – 2000). However, conversely Harrow has a higher proportion of stock built between 1940 and 1990.

Of particular interest, however, is the relatively high proportion of office stock in Harrow that was built between 1971-1980 and 1981-90. Stock built between 1971-1980 in particular characterises the Harrow Metropolitan Centre, and can be less suitable to modern occupiers preferences.

Analysis at ward level was also carried out, based upon 2003 data, and is summarised in Table 6-8 below. This illustrates that Harrow has approximately half of the office stock in the Local Property Market Area, with particular concentrations of office stock at Greenhill Ward (Harrow Metropolitan Centre), Canons and Stanmore Park (Stanmore District Centre) and Marlborough and Wealdstone (Wealdstone District Centre. These locations comprise approximately 55% of office stock in the Borough. However, the average size of office units in Harrow is almost 20% smaller than the rest of the Local Property Market Area. This highlights the point that Harrow has a greater focus on smaller employment businesses than surrounding areas.

Table 6-8 Breakdown of Office Property Stock in Local Property Market Area (2003)

Location	Office Average Size (sq m)
Local Property Market Area	297
Harrow	268
Rest of Property Market Area	335

Source: Valuation Office, ODPM

6.3.2. Development Activity

Planning Permissions

Table 6-9 below shows the net change in office floorspace (sq m) resulting from planning permissions granted in Harrow since 1993²⁰. This is derived from the increase in floorspace permitted minus the decrease in floorspace (i.e. change of use). For each of the classifications (offices B1, banks, building societies etc., A2) there is a floorspace total showing the annual increase in floorspace as a result of planning permission, and a total showing the reduction in floorspace as a result of planning permissions. The net figure is shown in the third column.

²⁰ These figures could include double counting in cases where there has been more than one planning consent granted for a particular site.

Table 6-9 Office Planning Permissions Granted in Harrow Borough Council

Date	B1 (sq m)			A2 (sq m)			B1/A2 (sq m)		
	Gain	Loss	Net Gain	Gain	Loss	Net Gain	Gain	Loss	Net Gain
2004	4299	10579	-6280	1350	568	782	5649	11147	-5498
2003	5805	2921	2884	1313	280	1033	7118	3201	3917
2002	2440	1976	464	1273	354	919	3713	2330	1383
2001	3414	2701	713	951	1002	-51	4365	3703	662
2000	4280	49790	-45510	1181	540	641	5461	50330	-44869
1999	1979	4710	-2731	1071	1000	71	3050	5710	-2660
1998	544	15899	-15355	423	498	-75	967	16397	-15430
1997	2632	17573	-14941	434	871	-437	3066	18444	-15378
1996	9884	10610	-726	406	790	-384	10290	11400	-1110
1995	1545	7498	-5953	972	1454	-482	2517	8952	-6435
1994	4717	4854	-137	849	1091	-242	5566	5945	-379
1993	18309	1839	16470	965	544	421	19274	2383	16891
Average	4987	10913	-5925	932	749	183	5920	11662	-5742
Sum	59848	130950	-71102	11188	8992	2196	71036	139942	-68906

Source: London Borough of Harrow

Since 1993 there has been a net reduction in B1/A2 floorspace of 68,906 sq m. This equates to an average annual net loss of approximately 5,742 sq m. This has mainly been driven by a net loss of B1 floorspace, as there has been a small net increase in A2 floorspace over this period. In fact, the change in use of A2 floorspace has been far less pronounced than B1 floorspace, although there is a pattern of losses in A2 planning permission floorspace in the mid to late 90s and a gain in A2 floorspace more recently.

The B1 office trend pattern is quite variable. Looking at the components of the net change does provide a little more insight into patterns. In terms of gains in floorspace, over the period 1993-2004 the average planning permission rate was approximately 5,000 sq m per annum, with noticeable peaks in 1993, 1996 and 2003. If the period 1994 to 2002 was used, then the average planning permission development rate reduces to approximately 3,500 sq m per annum. In other words, the 'natural' development rate (allowing for implementation time lags, non-implementation of permissions etc) in Harrow may be between 3,500-5,000 sq m per annum.

The loss in B1 floorspace shows a different profile to the gain in B1 floorspace, both in terms of the amount of such loss and when it occurred. Overall, across the period 1993-2004 the average rate of loss of B1 floorspace was approximately 10,900 sq m per annum. This figure was particularly affected by the loss of over 50,000 sq m in 2000. Excluding this figure would result in an overall B1 floorspace loss of approximately 7,400 sq m per annum. The period 2001-2004 saw the loss of B1 floorspace reduce to approximately 5,100 sq m per annum.

The above past trend analysis suggests that, even under the more favourable development gain trends (5,000 sq m per annum) compared against the least reducing loss trends (7,400 sq m), the borough of Harrow would have seen an overall net reduction in office floorspace.

Notwithstanding the potential 'in balance' picture for office development across the last decade, the changes in stock evidence suggests a reduction in the total amount of office floorspace has occurred between 1998 and 2004. The inference from this is that the office property market has experienced a structural re-adjustment – and may still be experiencing this – to reflect the historic capacity for the productive occupation of space. In other words, the office property market appears to have been through a period of adjustment to better tie it in with the scale of office-related employment in the Borough.

Take-up

Analysis of the take-up of floorspace over the period 1995 to 2005 has been carried out. This looks at the rate at which 'completed' property is occupied, along with the rate of occupation of available or 'second-hand' property. It should also be noted that the analysis does not pick-up all activity, as smaller deals in particular may not have been picked-up. Nevertheless, the data is estimated to cover upwards of 80% of market activity.

Table 6-10 provides a summary of the take-up of office floorspace in the Local Property Market Area for the period 1995 to 2005. The average take-up of office floorspace in the Local Property Market Area has been 14,525 sq m per annum, whilst for Harrow it has been 5,701 sq m per annum. Office floorspace take-up in Harrow therefore comprises approximately 40% of total activity in the Local Property Market Area in terms of amount of floorspace. Given that the total stock of office floorspace in Harrow is approximately 50% of the overall Local Property Market Area, this might imply that the office property market is not as buoyant in Harrow as the rest of the Local Property Market Area.

However, the overall demand trend suggests a different picture for Harrow. Over the period 1995 to 2005 the trend has been for average take-up to rise from approximately 11,000 sq m per annum to approximately 22,000 sq m per annum in the Local Property Market Area – a doubling of demand. Harrow, meanwhile, has seen average demand rise from approximately 2,500 sq m per annum to just under 9,000 sq m over the same period – a two and a half fold increase²¹.

Further analysis is provided in Table 6-10, which looks at average take-up by size band in the Local Property Market Area and in Harrow. The pattern of demand by size is fairly similar between the Local Property Market Area and Harrow, although Harrow has a slightly greater proportion of take-up in the smaller size categories (below 465 sq m).

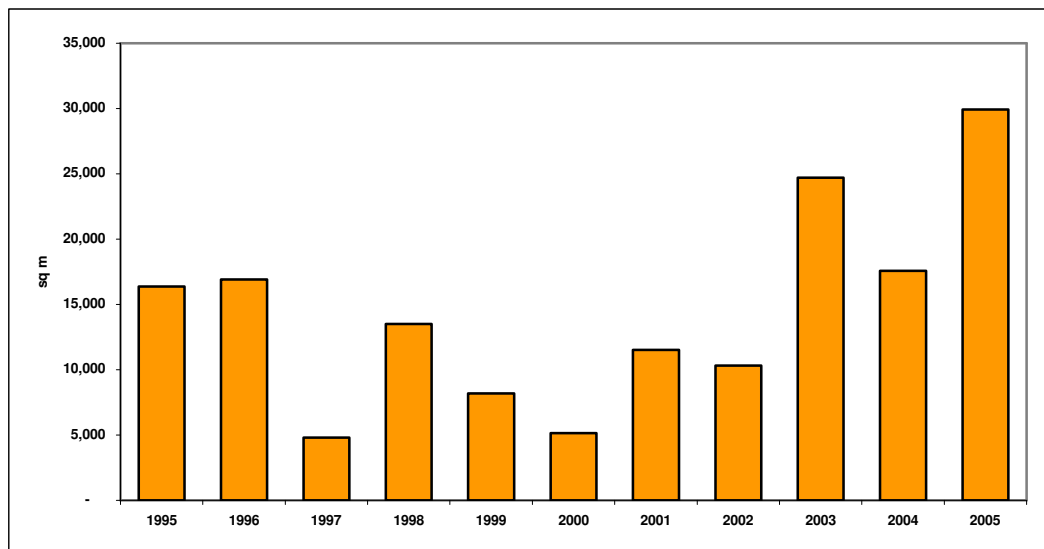
²¹ Focus, GVA Grimley (1995-2006)

Table 6-10 Local Property Market Area and Harrow Office Take-Up (1995-2005)

Floorspace Range	Local Property Market Area Average Annual Take-up – sq m (% total)	London Borough Harrow Average Annual Take-up - sq m (% total)
<185 sq m	610 (4%)	361 (6%)
185-465 sq m	1,423 (10%)	770 (14%)
465-1,850 sq m	4,927 (34%)	1,967 (34%)
1,850 sq m +	7,565 (52%)	2,602 (46%)
Total	14,525 (100%)	5,701 (100%)

Source: Focus, GVA Grimley

Figure 6-5 Office Floorspace Take-up in Local Property Market Area



Source: Focus, GVA Grimley

Details of the local sub-markets within Harrow are provided in Table 6-11. It shows that Harrow Metropolitan Centre dominates take-up across the Borough, followed by the Stanmore District Centre area. Between them, these office centres make-up almost three-quarters of demand across the borough.

Table 6-11 Office Property Market Take-Up in Harrow Sub-Markets

Floorspace Range	Average Annual Take-up - sq m (% total)
Harrow MC	2,597 (46%)
Rayners Lane Area	946 (17%)
Wealdstone Area (Including Wealdstone DC)	636 (11%)
Pinner	100 (2%)
Eastern Harrow (Including Stanmore DC)	1,422 (25%)
Total	5,701

Source: Focus, GVA Grimley

6.3.3. Available Floorspace

Analysis of commercial property databases has also been carried out to identify how much property is already available to cater for future potential demand - assuming the use of past development rates²². The analysis has shown that in Harrow there is 19,024 sq m of office property available (December 2005). In the Local Property Market Area the availability figure is 59,700 sq m.

On the basis of past take-up rates, as summarised in Table 6-12, then this amount of available property in Harrow is equivalent to 3.3 year's demand. In the Local Property Market Area the potential supply is greater, at 4.1 years based on past take-up rates in this area. In other words, there is less available office property in Harrow to meet future demand levels than for the Local Property Market Area as a whole.

A breakdown of available floorspace by size band has been provided for the London Borough of Harrow, and is summarised in Table 6-12. A first point to note is that there is a relative lack of supply of larger (above 465 sq m) units, notably the largest category (above 1,850 sq m) which has 2.3 years of supply notionally.

A second point relates to the quality of the available supply. Approximately 30% of available office floorspace is new or refurbished. However, the proportion of new/refurbished supply is generally greater for larger unit space than smaller unit space. Thus, 34% of floorspace over 1,850 sq m is new/refurbished, whilst there is none in the under 185 sq m category and only 11% in the 185 to 465 sq m category. In other words, little or no supply of space typically associated with SME organisations is being developed in the borough.

²² Focus, GVA Grimley (2005)

Table 6-12 Office Availability and Take-up by Size in the London Borough of Harrow

Floorspace Range	Available Floorspace (sq m)			Annual Average Take-up (sq m)	Notional Years Supply
	Second-hand	New/Refurbished	Total		
<185 sq m	2,633	-	2,633	361	7.3
185-465 sq m	3,958	513	4,471	770	5.8
465-1,850 sq m	2,543	3,438	5,981	1,967	3.0
1,850 sq m +	3,902	2,038	5,939	2,602	2.3
Total	13,035	5,989	19,024	5,701	3.3

Source: Focus, GVA Grimley

Details by local area are summarised in Table 6-13. From this it will be seen that the majority of supply is in Harrow Metropolitan Centre. Whilst this equates to just over 5 years supply based on past take-up rates, there is relatively less larger space (above 465 sq m), with a supply pipeline of approximately 4 years. Again, it should be cautioned that the take-up figures are not necessarily comprehensive, so the 'years supply' figure needs to be interpreted with that in mind.

Apart from the Pinner area, all the other main locations have a relatively low level of office floorspace provision relative to past take-up levels. However, the historic take-up figures for some of these areas is dominated by relatively large deals over the last two to three years, which results in a noticeably higher overall average take-up rate. Discounting activity over this period would reduce average take-up levels by approximately two-thirds in these areas, with consequential increases in the 'years supply' figure.

Table 6-13 Office Availability and Take-up in the Harrow Sub-Markets

Sub-Market	Available Floorspace (sq m)			Annual Average Take-up (sq m)	Notional Years Supply
	Second-hand	New/Refurbished	Total		
Harrow MC	10,552	2,609	13,161	2,597	5.1
Rayners Lane Area	1,146	-	1,146	946	1.2
Wealdstone Area (Including Wealdstone DC)	372	-	372	636	0.6
Pinner	278	2,038	2,316	100	23.2
Eastern Harrow (Including Stanmore DC)	688	1,343	2,030	1,422	1.4
Total	13,035	5,989	19,024	5,701	3.3

Source: Focus, GVA Grimley

6.3.4. Market Commentary

Discussions with local property agents revealed a number of points of relevance. Overall, office demand levels were considered generally low, with relatively high vacancy rates in most areas. The main exception was Harrow Town Centre, which had a reasonable level of demand, as supported from the transaction evidence summarised in Table 6-11.

Part of the reason for relatively low demand is the quality of existing supply, which is considered generally poor/secondary. This helps explain the success of schemes such as the Harrovian Business Village, achieving rents of £15 per sq ft, compared with approximately £12 per sq ft elsewhere in the borough.

6.3.5. Summary

In summary, the planning permission evidence suggests a net reduction in office development within Harrow between 1993 and 2004 of approximately 5,700 sq m per annum. However, this may represent a re-adjustment of the market that is largely complete and any further significant overall reduction may result in less overall office space relative to employment requirements.

The floorspace stock change data suggests a more substantial decrease in stock between 1998 and 2004. There also appears to have been a rationalisation of some of the office stock in Harrow, resulting in the change of use of office (B1) space to alternative uses such as education and residential.

The implication from this is that there may be limited demand for a net increase in office floorspace in Harrow over the next few years. This is not to say that new development is not needed – in fact new development might encourage more occupational demand by providing a more modern product for tenants – but that such development might relate to refurbishment or re-development, rather than increasing the total stock of office floorspace. Over the longer period, however, office floorspace demand will be influenced by employment changes in office-related sectors of the economy. An indication of this potential future demand is the 2006 LOPR where financial and business services employment in LB Harrow is predicted to grow by 5,200 jobs by 2016.

Whilst the take-up of space has averaged approximately 5,700 sq m per annum in Harrow between 1995 and 2005, the trend is for an increase in activity across this period. The three years between 2003 and 2005 in particular saw a noticeable increase in take-up, especially in the 465 to 1,850 sq m category. This size category also has the largest proportion of new/refurbished floorspace, emphasising the importance of having a stock of appropriate and attractive premises available on the market. This category has a total supply equating to 3 years supply based on past average take-up rates. Using the take-up rates of the last three years, the supply reduces to approximately 18 months.

However, there does appear to be less development activity associated with smaller enterprises (under 465 sq m). Although this sector represents only 20% of the take-up in the Borough, it is an important source of start-up business growth.

7. QUALITY AND CHARACTERISTICS OF EMPLOYMENT LAND

7.1. Introduction

This section provides a summary overview of the existing stock of employment land and premises in LB Harrow. The existing stock of land and land available for potential employment development is based on the results of the 2006 URS employment land survey and information provided by the Council.

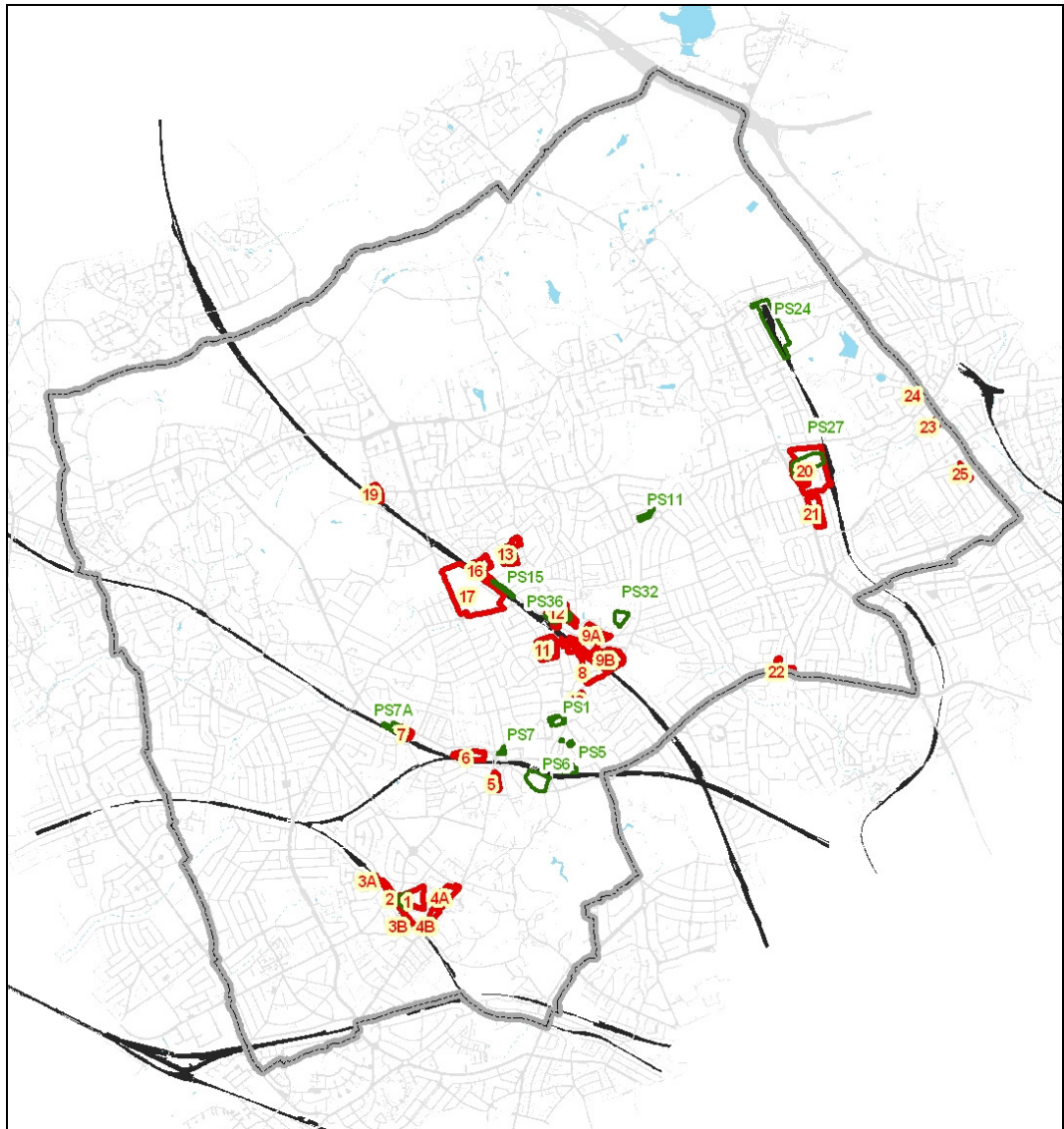
7.2. Surveyed Employment Areas

Table 7-1 below lists the 25 business clusters in Harrow that were surveyed against the strategic appraisal criteria. The 25 clusters include 20 designated employment sites (policies EM13 and EM14 in Harrow's UDP) and five additional non-designated locally important employment areas. LB Harrow is characterised by a number of relatively small and dispersed sites, however there are a few larger sites occupied by a single large employer such as Kodak and ColArt.

Some of the clusters were divided into two parts after the survey was completed due to non-employment uses in between or there being a clear division of the cluster due to use or occupancy/ownership. These are represented with an 'a' or 'b' (i.e. 9a and 9b). In the summary tables used throughout this section there will be a total of 28 clusters taking into account this distinction. The total amount of land assessed during the employment land survey was 76.0 ha.

Figure 7-1 provides an overview of the layout of the clusters around the Borough.

Figure 7-1 Harrow Employment Land Survey



Source: URS, 2006

Table 7-1 Surveyed Business Clusters

Ref No	Name	Site Area (ha)
1	South Harrow Industrial Estate, Brember Road	4.1
2	Archdale Business Centre, Brember Road	1.2
3a	9-17 The Arches	0.1
3b	62-73 The Arches	0.1
4a	(North Site) Northolt Road, South Harrow	1.5
4b	(South Site) Northolt Road, South Harrow	1.6
5	Harrovian Business Village	1.0
6	Neptune Road Industrial Estate	1.9
7	Acacia Court, Pinner Road	0.7
8	Phoenix Industrial Estate	5.0
9a	Christchurch Industrial Estate (EM14)	3.8
9b	Christchurch Industrial Estate (Borough Depot)	4.0
10	Masons Ave & Herga Road	0.7
11	Civic Centre, Milton Road	3.8
12	Palmerston Road & Oxford Road	3.0
13	ColArt, Whitefriars	2.3
14	Whitefriars Industrial Estate	1.0
16	Barratt Industrial Estate (Tudor Enterprise Park)	1.1
17a	Kodak Works	16.0
17b	Waverly Industrial Estate	2.5
18	Troy Industrial Estate, Elmgrove Road	0.9
19	Chantry Place, Headstone Lane	1.4
20	Parr Road/Garland Road Industrial Estate [Government Buildings (PS27)]	12.4
21	Dalston Gardens & Honeypot Lane	2.8
22	Hillingdon Court, Kenton Road	0.8
23	Spring Villa Park, High Street Edgware	1.1
24	Ballard Mews, High Street Edgware	0.7
25	The Chase, Bacon Lane	0.5
	Total	76.0

Source: URS Employment Land Review, 2006

7.3. Field Survey

Each cluster has been surveyed with regards to following criteria:

- Access to road network

- Internal road access
- Servicing
- Parking facilities
- Access to facilities and amenities
- Access to public transport
- Bad neighbourhood uses
- Quality of environment
- Close proximity to
- Contamination
- Building conditions

A copy of the strategic survey questionnaire is provided in Appendix A and a summary of the results is presented below.

7.4. Quality and Characteristics of Business Clusters

7.4.1. Quality of Environment

The quality of environment for each cluster was assessed using the following criteria:

Very Good	the quality of the streets and the public realm within and surrounding the business cluster are of very good quality (no potholes, no litter, no uncollected rubbish, well maintained street furniture). There is enough street lighting and no perceived safety issues. The business cluster is not polluted by noise or air pollution from neighbouring uses and/or heavy street traffic.
Good	the quality of the streets and public realm within and surrounding the business cluster is of good quality. Nothing in the local environment seems disturbing but it does not reach the 'very good' standard (some litter, street furniture shows signs of age, etc).
Poor	the quality of the streets and the public realm within and surrounding the business cluster are of poor quality (some potholes, some litter, poorly maintained or damaged street furniture). There is not enough street lighting and some perceived safety issues. The business area might be polluted by some noise or air pollution from neighbouring uses and/or heavy street traffic.
Very poor	the quality of streets and the public realm within and surrounding the business cluster are of very poor quality (potholes, litter on street, uncollected rubbish, etc.) there is noise and/or air pollution from neighbouring uses and/or heavy street traffic.

Of the surveyed clusters, 71% were reported as having a very good or good environment while 18% were reported to have a poor environment. There were three clusters assessed as having very poor environmental conditions. Common attributes were that

these areas were poorly maintained with rubbish on the ground and along the edge of the roads, unsafe areas with no clear pedestrian routes and potholed roads.

Table 7-2 Quality of Environment

	Number of Clusters	%
Very Good	4	14
Good	16	57
Poor	5	18
Very Poor	3	11
Total	28	100

Source: URS LB Harrow Employment Land Survey

7.4.2. Building Condition

The condition of buildings was assessed using the following criteria to determine the percentage of buildings in:

- Very Good buildings in immaculate state, no signs of paint coming off, windows and window frames in very good condition, immediate surrounding/grounds well kept.
- Good building in good condition, small areas where paint might come off, grounds in reasonable state.
- Poor paint coming off, some cracks, windows in poor state, surroundings are poorly kept.
- Very Poor building still in use but in very good condition; paint coming off in large areas, some windows broken, surroundings not maintained and/or littered and/or cluttered with rubbish.

The majority of clusters (61%) were found to have between 75 and 100 percent of the buildings in good or very good condition. Table 7-3 below provides a summary of the amount of clusters with buildings in very good or condition. The buildings of one of the clusters (Cluster 15) were not assessed as surveyors could not access the site and could not see through the fence surrounding the cluster.

Table 7-3 Buildings in Very Good or Good Condition

	Number of Clusters	%
75-100% in Very Good or Good Condition	17	61
50-74% in Very Good or Good Condition	3	11
25-49% in Very Good or Good Condition	1	4
0-24% in Very Good or Good Condition	6	21
Total	27	97

Source: URS LB Harrow Employment Land Survey

Of the surveyed clusters 19 were assessed as having at least some of the buildings in poor or very poor condition. Out of 19 there were six assessed as having between 75 and 100 percent of buildings in poor or very poor condition.

Table 7-4 Buildings in Poor or Very Poor Condition

	Number of Clusters	%
75-100% in Poor or Very Poor Condition	6	21
50-74% in Poor or Very Poor Condition	2	7
25-49% in Poor or Very Poor Condition	3	11
0-24% in Poor or Very Poor Condition	8	29
Total	19	68

Source: URS LB Harrow Employment Land Survey

7.4.3. Access to Facilities and Amenities

Another factor of the cluster environment taken into account as part of the survey was the accessibility to facilities and amenities.

The following criteria was used to assess clusters access to amenities:

- Very Good shops, restaurants and/or cafes and personal services within the business cluster or can be reached within a five minute walk. There is a selection of places for lunch; there is the possibility to do some shopping during lunch.
- Good shops, restaurants or cafes within a five to ten minute walk. There is some selection of places for lunch.
- Poor shops, restaurants and/or cafes within a ten to fifteen minute walk. There is a limited selection of places for lunch.
- Very Poor shops, restaurants and/or cafes more than a fifteen minute walk. No or very limited selection of places for lunch.

The survey found that the majority of clusters (64%) had very good or good access to facilities and amenities while two clusters were reported as having very poor access to nearby amenities.

Table 7-5 Access to Facilities and Amenities

	Number of Clusters	%
Very Good	8	29
Good	10	35
Poor	8	29
Very Poor	2	7
Total	28	100

Source: URS LB Harrow Employment Land Survey

7.4.4. Public Transport

A clusters proximity to public transport links was assessed using the following criteria

Very Good bus stop or train station within a five-minute walk.

Good bus stop or train station less than a ten-minute walk.

Poor bus stop or train station between ten to fifteen-minute walk.

Very Poor bus stop or train station further than a fifteen-minute walk.

Out of the clusters surveyed 71% were recorded as having very good or good access to public transport and there were no sites with very poor access.

Table 7-6 Access to Public Transport

	Number of Clusters	%
Very Good	11	39
Good	9	32
Poor	8	29
Very Poor	0	0
Total	28	100

Source: URS LB Harrow Employment Land Survey

7.4.5. Neighbourhood Issues

Clusters were surveyed for any signs of potential neighbourhood issues resulting from the activities within the cluster²³. Surveyors were asked to assess whether businesses within the cluster were contributing to pollution and congestion in the area, though traffic generated from businesses within the cluster would be regarded as bad neighbourhood uses.

Of the clusters surveyed, 15 clusters were recorded as having no potential neighbourhood issues. The most common neighbourhood issue recorded was clusters having high levels of HGV traffic often through narrow or residential streets.

Table 7-7 Potential Neighbourhood Issues

	Number of Clusters	%
None	15	54
Noise	7	25
Air	0	0
Smell	2	7
HGV Traffic	8	29
Significant Car Traffic	5	18
Other	0	0

Source: URS LB Harrow Employment Land Survey

7.4.6. Contamination

Surveyors were asked to report any visual signs of potential contamination, which may make the cluster difficult to redevelop or be used by other businesses. Survey teams were asked to look out for uses that may result in contamination; storage tanks; and stored chemicals, etc.

There were 12 clusters reported as having potential contamination issues as a result of storing hazardous chemicals and exposed storage tanks. Some contaminative uses were noted such as industrial painting and automotive repairs and storage of damaged cars where oil may be leaking.

Table 7-8 Contamination Issues

Potential Contamination	Number of Clusters	%
Yes	12	43
No	16	57

Source: URS LB Harrow Employment Land Survey

²³ Clusters could have more than one potential neighbourhood issue.

7.4.7. Road Access

As part of the survey, road access was assessed in terms of both external and internal access and ease of circulation. External access was assessed on the basis of distance to main roads (A-roads) and directness of route. Internal access was assessed as being either adequate or inadequate for the cluster activities. Ease of access for HGV traffic was also taken into account.

The majority of clusters were within a five-minute drive to the nearest A-road, however this was assessed outside of peak hours and traffic flow throughout the boroughs centres and its main arterial roads are known for congestion. Most clusters had adequate internal access for existing use but a number were assessed as having limited accessibility for HGV traffic if required.

Table 7-9 Road Access

Access to Road Network	Number of Clusters	%
Entrance to cluster with 500m of A-road	9	32
Cluster within a 5 min drive to an A-road	15	54
Cluster on an indirect route to A-road	4	14
Total	28	100

Source: URS LB Harrow Employment Land Survey

Table 7-10 Internal Access

Internal Access	Number of Clusters	%
Adequate	20	71
Not adequate	8	29
Total	28	100
Limited HGV access	11	39

Source: URS LB Harrow Employment Land Survey

7.4.8. Servicing

Servicing provision to businesses within each cluster was assessed based on the type and adequacy of access available. Types of servicing included roadside un/loading, off-road un/loading and loading bays. Businesses could have multiple types of servicing which is reflected in the percentages listed below.

The majority of businesses received deliveries and loaded goods via off road loading areas but a number of businesses had the option of off road servicing and loading bays. All clusters were assessed as having adequate servicing.

Table 7-11 Servicing

Servicing	Number of Clusters	%
Loading bays	14	50
Off road loading	25	89
Roadside loading	11	39
Three options	3	11
Two options	15	54
Adequate	28	100
Not Adequate	0	0

Source: URS LB Harrow Employment Land Survey

7.4.9. Parking

Most clusters tend to provide dedicated parking (82%) or there was on street parking available for employees and customers. The majority of clusters (71%) were found to have adequate parking while 29% were recorded as having too little available parking. Clusters could have more than one type of parking available which is reflected in the percentages below.

Table 7-12 Parking

Type of Parking	Number of Clusters	%
Dedicated parking within cluster	23	82
On street parking	14	50
Yellow/double yellow lines	2	7
Red routes	0	0
Controlled parking zone/paid parking	0	0
Adequate	20	71
Too little	8	29

Source: URS LB Harrow Employment Land Survey

7.5. Land with Development Potential

7.5.1. UDP Proposal Sites

The survey also included 19 UDP proposal sites. The sites were assessed against a slightly modified appraisal criteria taking into account the lack of on-site activity. Sites were generally not being used to their full potential with a number of them being used for car parks. The assessment criteria included:

- Road access to and from the site

- Contamination
- Ecological value
- Any signs of development in the last five years
- Evidence of active marketing
- Access to public transport
- Access to facilities and amenities

Table 7-13 lists the UDP proposal sites included in the survey.

Table 7-13 Surveyed UDP Proposal Sites

Ref No	Name	Site Area (ha)
PS1	Land South of Greenhill Way	0.8
PS2	Land North of Greenhill Way	0.2
PS3	2 St John's Road	0.1
PS4	9-11 St John's Road	0.2
PS5	Gayton Road Car Park	1.3
PS6	Harrow on the Hill Station	5.8
PS7	Land North of Junction Road	0.3
PS9	St Ann's Service Road	0.7
PS11	Belmont Health Centre	0.6
PS19	Eastern Electricity Land	1.5
PS21	201-209 Northolt Road	0.1
PS24	Land at Stanmore Station	6.6
PS27	Former Government Offices, Honeypot Lane	4.1
PS32	Driving Centre, Christchurch Ave	1.4
PS33	Land west of High Street, Wealdstone	1.5
PS34	Ex BR Site, Cecil Road	0.6
PS36	1-33 The Bridge & 6-14 Masons Avenue	0.2
PS37	Land at Oxford Road	0.4
PS38	87-111 High Street	0.5
	Total	26.7

Source: URS LB Harrow Employment Land Survey, LB Harrow UDP 2004

7.5.2. Identified Development Sites

Surveyors were asked to identify any potential development sites by watching out for any vacant or derelict land and buildings, large expanses of unused car park or land that could be used more efficiently. Through this process surveyors identified seven additional development sites that were then assessed using the same criteria listed in Section 7.5.1.

Table 7-14 Sites Identified Through Survey

Ref no	Name	Site Area (ha)
D4.1	Site at northern end of Cluster 4a Northolt Road	0.1
D7.1	Site at Acacia Court, Pinner Road	0.2
D10.1	Masons Ave & Herga Road	0.1
D10.2	Masons Ave & Herga Road	0.1
D12.1	Palmerston Road & Oxford Road	0.2
D20.1	Honeypot Lane – government offices	2.3
D20.2	Honeypot Lane – underutilised car park area	0.2
	Total	3.2

Source: URS LB Harrow Employment Land Survey

The majority of business clusters surveyed were well occupied and space for further development or expansion was limited. There were seven sites identified through the survey as having development potential.

Cluster 4 is located along Northolt Road in South Harrow. The northern end of the cluster is home to the Harrow Police station and the northern most corner of the cluster is a car park for impounded vehicles. The site is unpaved and has some temporary fencing but could be used more efficiently. The prominent location and proximity to other office buildings would be well suited for another office development and extension of the existing block of offices.

Cluster 7 is located at Pinner Road. One site was identified on the western corner for potential development. There was currently some demolition work being undertaken and it was unclear what the intended end use was.

Cluster 10 is at Masons Avenue and Herga Road in Wealdstone. There are two corner sites available on either side of the overpass that are currently being used for open/car storage. The sites are quite prominent and could be used more efficiently within the light industrial area that already exists.

Cluster 12 is located at Palmerston Road and Oxford Road in Wealdstone. The site is a largely underutilised car park with an MOT service centre and a residential building located at the entrance. The residential buildings are rundown and derelict.

Cluster 20 is located at Parr Road and Garland Road Industrial area. Part of the site is allocated PS27, which does currently include the former government buildings on site. The boundary of the proposal site should be extended to include these buildings as one development site.

Surveyors also identified a portion of large car park at the southwest corner of the site that was largely underutilised and could be redeveloped.

7.6. Characteristics of Land Available for Potential Development

7.6.1. Road Access

Of the potential development sites, 50% were assessed as being within a five-minute drive to a main A-road and 38% were located directly on A-roads.

Table 7-15 Road Access to Development Sites

Access to Road Network	Number of Sites	%
Entrance to site with 500m of A-road	10	38
Site within a 5 min drive to an A-road	13	50
Site on an indirect route to A-road	3	23
Total	26	100

Source: URS LB Harrow Employment Land Survey

7.6.2. Access to Public Transport

The majority of the development sites, particularly the UDP proposal, have very good access to public transport with a train station or bus stop within a five-minute walk. There were no development sites with very poor access to public transport.

Table 7-16 Access to Public Transport

	Number of Sites	%
Very Good	18	69
Good	5	19
Poor	3	12
Very Poor	0	0
Total	26	100

Source: URS LB Harrow Employment Land Survey

7.6.3. Access to Facilities and Amenities

Our of the surveyed potential development sites, 69% were found have very good access to facilities and amenities. UDP proposal sites are generally located near to local shops and services, which provide choice for staff for midday or after work shopping. No sites were assessed as having very poor access to facilities or amenities.

Table 7-17 Access to Facilities and Amenities

	Number of Sites	%
Very Good	18	69
Good	4	15
Poor	4	15
Very Poor	0	0
Total	26	100

Source: URS LB Harrow Employment Land Survey

7.6.4. Other Factors

There were three sites, all of which located around Masons Avenue and Herga Road, which showed signs of potential contamination. This was due to the storage of wrecked cars on sites and the potential for oil to leak onto the ground.

7.7. Summary of Field Survey

The survey covered approximately 76 hectares of land in employment use and 30 hectares of land for potential development. To get an idea of the degree to which the survey covered the total amount of employment land in the Borough we compared the amount of land surveyed to the amount of employment land we would expect from floorspace figures provided by the VOA. By applying standard plot ratios to the amount of office, factory and warehouse floorspace we could expect approximately 123 hectares of land in Harrow to be in employment use. This includes town centre offices and isolated single buildings in employment use which were not included as part of the survey.

The results of the survey indicate a healthy stock of employment land and premises in LB Harrow. It was apparent that business clusters were well occupied and were providing an active business environment for a variety of different business activities.

Business clusters were assessed as generally being in good condition though some of the premises appeared to be slightly dated and getting run down. The majority of the business clusters benefited from good strategic road access but many clusters suffered from very congested internal roads with car parking being a significant issue. The areas along the elevated railway tracks and in the railway arches were particularly congested and not very well maintained. A common observation for the railway arches was that the access roads were not well maintained and the general environment was poor with rubbish strewn around and a slightly intimidating atmosphere.

The land available for potential, including UDP proposal sites, were generally vacant and underused sites or Council managed car parks. Some exceptions include Gayton Road Public Library, Harrow on the Hill Station, and some sites with temporary uses. The majority of sites were located near to town centres and had good public transport accessibility.

8. EMPLOYMENT LAND FORECASTS

8.1. Introduction

In this section we forecast future demand of employment land by type. As outlined in the ODPM's 'Employment Land Reviews: Guidance Note' there are various forecasting approaches that can be used. However each approach has its weaknesses as well as strengths.

Regional employment predictions based on macro-economic forecast allows account to be taken of wider drivers of change and growth. However these models do not usually take account of the specific circumstances of local economic development, including the availability and nature of sites, and the range of local economic development initiatives and company plans. In contrast looking at historic trends on local take-up rates provides a solid record of past performance. However, projecting such data forward in to the future does not take account of potential changes from past trends arising from wider regional economic drivers and any changes to local property market characteristics and policies.

To overcome the weaknesses of the different forecast approaches we have applied a synthesis approach based on:

- Floorspace trends
- Employment predictions based on macro-economic forecasting
- Local factors

On a borough level changes to the stock of floorspace are strongly influenced by large single events. Decisions by individual employers or developers can conceal underlying trends. The same is true for employment trends and predictions based on macro-economic forecasts. We have therefore chosen to base the employment land demand forecast for the London Borough of Harrow on sub-regional floorspace trends and employment predictions, which are then adjusted for the specifics of the Borough.

Due to data availability and to allow comparison with existing sub-regional forecasts and benchmarks we have taken the political boundaries of the West London Sub-Region as the bases for our sub-regional employment land forecasts, which includes the following Boroughs:

- Harrow
- Brent
- Ealing
- Hammersmith & Fulham
- Hillingdon
- Hounslow

8.2. Historic Floorspace Trends

The VOA data allows for the assessment of changes in floorspace between 1998 and 2004. Although this covers a relatively short time period it has been judged as representative as it includes the buoyant period between 1998 and 2001 and the downturn of the market between 2001 and 2004.

On a sub-regional level there has been a significant increase in office floorspace of 27% between 1998 and 2004 and an increase of 12% in warehouse floorspace. During the same time period the floorspace of factories has decreased by 4% in the sub-region as shown in Table 8-1.

Table 8-1 Floorspace Change in West London Sub-Region (1998-2004)

	1998	2004	Change 1998-2004		Average Annual Change	
	sq m	sq m	sq m	%	sq m	%
Offices	3,357,000	4,273,000	916,000	27.3	152,666	4.5
Factories (1999 figure)	4,245,000	4,040,000	-205,000	-4.8	-34,166	-0.8
Warehouses	4,519,000	5,091,000	572,000	12.7	95,333	2.1
Total	12,121,000	13,404,000	1,283,000	10.5	213,833	1.7

Source: VOA

In the LB Harrow office floorspace has decreased by 4% between 1998 and 2004 and floorspace for factories and for warehouses has increased by 13% and 17% respectively as shown in Table 8-2.

Table 8-2 Floorspace Change in LB Harrow 1998-2004

	1998	2004	Change 1998-2004		Average Annual Change	
	sq m	sq m	sq m	%	sq m	%
Offices	327,000	313,000	-14,000	-4.3	-2,333	-0.7
Factories	234,000	264,000	30,000	12.8	5,000	2.1
Warehouses	135,000	158,000	23,000	17.0	3,833	2.8
Total	696,000	735,000	39,000	5.6	6,500	0.9

Source: VOA

8.3. Historic Employment Trends

Between 1993 and 2003 West London employment has grown by 20.8% or 2.1% per annum. Employment in business services increase by almost 90,000 people recording a 4.8% average annual growth rate. Employment in the hotels and restaurants sector also saw a significant increase with 30,848 more employees between 1993 and 2003.

Manufacturing experienced a 9.1% decline in employment over the same time period.

Table 8-3 Historic Employment Trends West London Sub-region

Sector	1993	2003	Change (1993-2003)		Average Annual Change	
	No	No	No	%	No	%
Primary and utilities	5,782	2,602	-3,179	-55.0	-318	-5.5
Manufacturing	84,137	76,469	-7,668	-9.1	-767	-0.9
Construction	51,097	65,608	14,512	28.4	1,451	2.8
Wholesale	66,504	82,627	16,123	24.2	1,612	2.4
Retail	90,669	99,780	9,111	10.0	911	1.0
Hotels & restaurants	50,347	81,195	30,848	61.3	3,085	6.1
Transport & communications	130,471	138,988	8,517	6.5	852	0.7
Financial services	28,724	30,638	1,913	6.7	191	0.7
Business services	187,425	276,709	89,284	47.6	8,928	4.8
Public administration	54,653	53,312	-1,341	-2.5	-134	-0.2
Health & Education	152,103	171,172	19,069	12.5	1,907	1.3
Other services	76,555	103,134	26,579	34.7	2,658	3.5
Total	978,466	1,182,234	203,767	20.8	20,377	2.1

Source: Experian Business Strategies and ONS Crown Copyright, Voltera, (provided by GLA), URS 2006

Historic employment trends show an annual average increase between 1993 and 2003 of 1.8% in LB Harrow with the largest growth rates in the business service, construction and health and education sectors. Employment has fallen over the same time period in the primary and utilities sector, the wholesale sector, the retail sector, transport and communication, public administration and other services.

Table 8-4 Historic Employment Trends LB Harrow

Sector	1993	2003	Change (1993-2003)		Average Annual Change	
	No	No	No	%	No	%
Primary and utilities	488	59	-429	-87.9	-43	-8.8
Manufacturing	6,361	6,464	103	1.6	10	0.2
Construction	4,793	8,388	3,595	75.0	360	7.5
Wholesale	4,949	4,513	-436	-8.8	-44	-0.9
Retail	9,523	8,939	-584	-6.1	-58	-0.6
Hotels & restaurants	3,076	4,317	1,242	40.4	124	4.0
Transport & Communications	4,512	4,020	-493	-10.9	-49	-1.1
Financial services	3,336	3,397	61	1.8	6	0.2
Business services	11,732	17,320	5,588	47.6	559	4.8
Public administration	4,085	3,654	-431	-10.5	-43	-1.1
Health & Education	11,066	16,249	5,184	46.8	518	4.7
Other services	6,050	5,036	-1,014	-16.8	-101	-1.7
Total	69,969	82,355	12,387	17.7	1,239	1.8

Source: Experian Business Strategies and ONS Crown Copyright, Voltera, (provided by GLA), URS 2006

8.4. Employment Forecasts

GLA Economics recently released their most up to date borough employment forecasts based on a new methodology called 'triangulation' which incorporates the following factors:

- structural trends evident in the boroughs
- assumed transport accessibility improvements
- the availability of current, and the development of new, business sites and related premises

Based on this new methodology the borough employment forecasts have been recalculated and recently published in GLA Economics *Current Issues Note 9: Borough Level Employment Projections to 2026*. The GLA required boroughs to use these figures for forward planning purposes which include self-employed²⁴. Employment in the sub-region is forecasted to increase by 9.5% between 2003 and 2016 and by 4.6% in the LB Harrow in the same time period as shown in Table 8-5.

²⁴ Data presented on employment in Section 5 do not include self-employed.

Table 8-5 Employment Forecast Sub-Region and LB Harrow

	Actual	Projections			Change 2003-2016	
	2003	2006	2011	2016	No	%
West London Sub-Region	764,861	786,942	803,276	837,670	72,809	9.5
Harrow	87,000	89,000	89,000	91,000	4,000	4.6

Source: GLA Economics Current Issues Note 9: Borough Level Employment Projections to 2026

Table 8-6 shows employment projections for Greater London for 12 sectors supplied by Volterra Consulting for the Greater London Authority. Essentially the projections are based on standard models of economic growth. An average historic long-term growth of total output of 2.5% [measured in Gross Value Added (GVA)] has been projected into the future. To derive employment growth by sector historic changes in productivity in each sector have been analysed and projected into the future assuming an overall increase of 2.5% of total output.

Table 8-6 Employment Projections by Sector Across Greater London

Industry	Actual	Projections			Changes 2003-16	
	2003	2006	2011	2016	No.	%
Primary and utilities	16,522	19,862	17,969	17,061	540	3.3
Manufacturing	266,679	256,220	227,612	199,716	-66,963	-25.1
Construction	232,308	179,751	158,730	138,497	-93,812	-40.4
Wholesale	239,423	248,275	253,568	258,929	19,506	8.1
Retail	396,102	410,150	424,278	439,577	43,475	11.0
Hotels & restaurants	309,283	324,744	366,376	411,476	102,193	33.0
Transport & Communications	351,257	343,613	336,427	328,177	-23,080	-6.6
Financial services	338,028	328,716	341,419	355,274	17,246	5.1
Business services	1,075,318	1,225,485	1,351,698	1,476,296	400,978	37.3
Public administration	233,006	203,586	187,680	170,612	-62,394	-26.8
Health & Education	661,227	647,501	666,864	687,466	26,239	4.0
Other services	361,004	415,116	483,177	555,994	194,991	54.0
Total	4,480,157	4,603,019	4,815,799	5,039,076	558,918	12.5

Employment figures include the self-employed

Sources: Current Issues Note 9: Borough level employment projections (GLA Economics, 2006), URS Calculations, 2006, ONS ABI 2003

Manufacturing, of which most jobs are on industrial land, is forecasted to decrease in Greater London by 30% between 2002 and 2016 and wholesale, accounting for a large part of warehouse related employment, is projected to rise by 4% in the same time period. Financial, business and other services, which account for most of the office jobs, are projected to grow significantly during this time period.

While the forecasts provided by GLA Economics give an overall Borough employment forecast there is no breakdown of employment forecast by sector. URS has carried out substantial work determining employment forecasts by sector for London borough, which has been endorsed by the GLA for our work on employment land studies. This has enabled us to calculate the employment forecasts for West London as set out in Table 8-7.

Table 8-7 Employment Forecast by Sector for the West London Sub-Region

Industry	2016	Change 2003-2016		Annual Average Change	
	Number	Number	%	Number	%
Primary and utilities	3,083	1,833	146.6	141	11.3
Manufacturing	36,874	-19,848	-35.0	-1,527	-2.7
Construction	25,207	-18,949	-42.9	-1,458	-3.3
Wholesale	62,291	-1,866	-2.9	-144	-0.2
Retail	72,790	8,643	13.5	665	1.0
Hotels & restaurants	69,056	18,987	37.9	1,461	2.9
Transport & Communications	96,738	-15,739	-14.0	-1,211	-1.1
Financial services	17,667	2,960	20.1	228	1.5
Business services	224,345	64,302	40.2	4,946	3.1
Public administration	24,788	-5,657	-18.6	-435	-1.4
Health & Education	106,745	5,747	5.7	442	0.4
Other services	98,087	32,397	49.3	2,492	3.8
Total	837,670	72,809	9.5	5,601	0.7

Source: Experian Business Strategies and ONS Crown Copyright, Volterra (supplied by GLA), URS calculations

8.5. Synthesis Forecast

Our synthesis forecast approach takes regional floorspace trends as a base for forecasting future employment land demand. The historic floorspace trends are forecasted linearly into the future and adjusted for wider regional economic changes by incorporating an adjustment.

The adjustment term takes into account the relative changes in employment during the time period for which historic floorspace trends are used as a base for the forecast and sets them in relation to forecasted changes in employment. Table 8-8 shows the historic trend based on past floorspace changes, past and forecasted annual employment

changes for relevant sectors²⁵, the adjustment term and the adjusted average annual floorspace demand for 2003 to 2016.

The regional employment forecasts will then be adjusted to a local level for Harrow taking account of local factors not represented in the regional forecast. These factors include local growth sectors, local skills and training initiatives, economic development goals and strategy and the development pipeline.

Up to this stage the forecast is expressed in average annual percentage changes. To derive land demand (in hectares) this percentage change is applied to current stock. This has the advantage of not having to apply employment densities and plot ratios for which there are no reliable figures.

Table 8-8 Synthesis Forecast for the West London Market-Region

	Historic Annual Floorspace Changes 1998-2004	Average Annual Change in Employment (relevant sectors)		Adjustment Term	Adjusted Average Annual Floorspace Demand
	%	1993-2003	2003-2016	%	%
Offices	4.5	1.2	3.0	6.8	11.4
Factories	-0.8	-2.9	-2.7	0.1	-0.7
Warehouses	2.1	0.6	-0.8	-5.0	-2.9

Source: URS calculations

Our wider sub-regional analysis is presented below.

8.5.1. Sub-Regional Analysis

Office

Between 1998 and 2004 there was an annual increase of office floorspace of 4.5%. During the period 1993-2003 employment in the Financial and Business Services sector increased by 1.2% annually. However between 2003 and 2016 the Business Sector is forecasted to increase by an increased rate of 2.7% annually. Based on this information there is a forecasted annual demand for office space in West London of 11.4%.

Factories

Between 1998 and 2004 there was an annual average decrease in factory floorspace of 0.8% in the West London Sub-Region. During the period 1993-2003 employment in the manufacturing sector (typically related with factory use) decreased annually by 2.9%. The manufacturing sector is forecast to decrease by 2.7% annually between 2003 and 2016. Taking historic floorspace trends as a base for the future demand in factory space and adjusting for the reduced employment growth in the relevant sectors results in an annual reduction of demand for land for factories of 0.7% as shown in Table 8-8 above.

²⁵ The relevant sectors are: Financial & Business Services for office floorspace, Manufacturing for factory floorspace, and Transport and Communication for warehouse floorspace

Warehouses

Between 1998 and 2004 there was an annual average increase in warehouse space in the sub-region of 2.1%. During the same time period employment in wholesale increased by 2.4% while employment in transport and communication increased annually by 0.7%. These sectors combined are forecast to decrease by 0.8% annually between 2003 and 2016. Taking the historic floorspace trends as a base for the future demand in warehouse space and adjusting for the decreased employment growth in the relevant sectors results in an annual decrease in demand for warehouse floorspace of 2.9%.

8.5.2. Local Factors

The next step in the forecasting exercise is to adjust the sub-regional forecast by taking account of the local factors influencing current and future employment land development in LB Harrow. We will then assess the degree to which demand for office, factory and warehouse space in LB Harrow may be different from the sub-regional forecasts set out in Table 8-8.

Historic Floorspace Trends in the Sub-region and LB Harrow

Since 1998, the sub-region has experienced a greater annual rate of increase of employment floorspace in comparison to LB Harrow. Contrary to sub-regional trends, office floorspace in LB Harrow has declined by an annual rate of 0.71% rather than increasing, factory floorspace has increased by 2.14% per annum rather than decreasing and warehouse floorspace has increased at a greater rate (2.84%) than in the sub-region (1.8%). At a local level, the difference in LB Harrow's historic floorspace trends will have an impact on the level of demand for floorspace in comparison to the sub-regional forecasts.

Employment Forecasts for the Sub-region and LB Harrow

Employment forecasts provided by GLA Economics predict that employment in the sub-region is expected to grow by 11.3% by 2016 while employment in LB Harrow is predicted to grow at a much lower rate of 4.6%. The subdued employment growth in LB Harrow will have significant impact on the level of demand for employment floorspace in comparison to the sub-regional demand forecasts.

Locational Comparative Advantage

Earlier analysis showed that there were a number of sectors in LB Harrow that were growing and had a potential advantage to operating in LB Harrow in comparison to other national, regional and sub-regional locations. Growing sectors in LB Harrow that could have an impact on the level of demand for employment land include:

- Construction
- Financial services
- Business services
- Public administration

Local Property Market

In terms of industrial demand the majority of demand is for warehouse/distribution space as opposed to manufacturing space. However, it must be recognised that Harrow is surrounded by local authorities that have significant amounts of industrial floorspace and are better connected to the road network. Therefore, the industrial provision and demand levels in LB Harrow compared to surrounding local authorities are low but there is still demand for such uses.

Office demand levels are considered generally low, with relatively high vacancy levels in most areas, although there is a reasonable level of demand for space in Harrow Town Centre. The stock of available premises is generally considered to be in poor condition and is likely impacting the level of demand. A rejuvenated stock of office space could increase the level on demand in LB Harrow by being more attractive to local businesses and those looking to move into the Borough.

Harrow Business Incubation Centre

Harrow Council is currently pursuing opportunities to develop an incubation centre in the borough to provide space for new business and pre-start up space. Such a centre would provide businesses with access to the advice and support of business experts who would be based at the site. Incubation centres are proven to reduce the failure rates of new enterprises and when the businesses outgrow centres a large percentage tend to relocate locally to capitalise on existing supply chains, networks and customers.

8.5.3. Influence of Local Factors on Sub-regional Forecasts

Based on our assessment of the local factors influencing the demand for employment land and premises in LB Harrow the demand for office space in LB Harrow is expected to increase but at a much lower rate than for the sub-region reflecting its more subdued reputation as an office centre. A significant change in manufacturing demand is not anticipated and demand for factory space is forecasted to decrease but at a lower rate than in the sub-region. The demand for warehousing space is forecast to decrease but a lower rate than the demand for warehousing space in the sub-region.

Table 8-9 Locally Adjusted Forecast

	Office (% per annum)	Factories (% per annum)	Warehouses (% per annum)
<i>Sub-Regional Forecast</i>	10.7	-0.7	-2.9
Local Factors			
Historic Floorspace Trends	↓	↑	↑
Employment Forecasts	↑	↓	↓
Locational Comparative Advantage	↑	↑	↔
Local Property Market	↓	↔	↑
Harrow Business Incubation Centre	↑	↑	↔
Waste and recycling facilities	↔	↑	↑
<i>Locally Adjusted Forecast</i>	1.5 to 2.5	-0.5 to 0.5	-1.0 to 0.0

Source: URS, 2006

8.6. Conclusion

The steps taken in the forecasting model - giving consideration to change in demand for employment land; analysing the wider sub-regional forecast; and assessing local factors that are influencing the demand for employment land in LB Harrow relative to the sub-regional forecasts – present a comprehensive forecast of employment land in LB Harrow for the planning period 2006-2016.

By applying the forecasted annual demand per annum set out in Table 8-9 to the current stock of employment land in LB Harrow identifies a total demand in 2016 of between 29 and 31 hectares of land for office space (B1). Office based jobs, particularly in the business and financial services sector, are forecast to be the key drivers of economic growth nationwide. With London, being an international financial centre, the office market will grow to accommodate the sector growth and Harrow will not be immune. In LB Harrow employment in the financial and business services sectors grew by 37% (3.7% pa) between 1993 and 2003, slightly less than the Sub-Regional growth of 42% (4.2% pa). While this rate of growth is unlikely to continue to be as strong in the future the sector is expected to continue to grow in LB Harrow though at a slightly lower rate than forecasted for the Sub-Region (3.0% pa).

The forecast total demand for land for factories in 2016 is 63 to 69 hectares. Contrary to national, regional and sub-regional trends LB Harrow has experienced an increase of 12.8% increase in factory floorspace between 1998 and 2004 while at the same time experiencing a 27% decline in manufacturing employment. This has greatly increased the average amount of space per employee from around 35 sq m per person to about 55 sq m per person – well above industry standards. The overall stock provisions of manufacturing floorspace in Harrow is unlikely to increase over the next decade, however some new space will inevitably be developed in order to meet demands of local

businesses for better quality accommodation while the existing space becomes obsolete. As a result the total stock of land for factories is unlikely to change much by 2016.

In 2016, the forecast total demand for land for warehousing is for 29 to 32 hectares resulting in the potential oversupply of three hectares. Employment in the wholesale sector and transport and communications, the key drivers behind demand for warehouse space, decreased by almost 10% between 1993 and 2003 in LB Harrow while employment in grew by 11% in the Sub-Region. Conversely the stock of warehousing space in LB Harrow grew by 17% between 1998 and 2004 with much of the growth occurring prior to 2001 where the Sub-Region experienced 6% growth between 2001 and 2004. This suggests that Harrow is capturing a reasonable level of warehousing activity, which may be reflective of value or supply constraints in the more traditional distribution markets within the Sub-Region transferring demand to LB Harrow. The most recent forecasts published by the GLA for the West London Sub-Region indicate a further decline in warehousing related employment of up to 28% by 2016. There are other boroughs in the West London Sub-Region that are better suited to warehousing activity and consequently have more warehousing related employment. These boroughs would likely absorb more of the losses associated with the Sub-Regional forecasts. As a result the forecast demand for warehousing land in LB Harrow is forecast to decline but at a lower rate than in the sub-region.

Table 8-10 Forecast Change in Employment Land Demand 2006 to 2016

	Stock (ha)	Demand 2016 (ha)	
		Low	High
Office (B1)	25	29	31
Factories (B2)	66	63	69
Warehouse (B8)	32	29	32
Land with Development Potential	30	12	13
Total	153	132	146

Source: URS, 2006

9. CONCLUSIONS AND RECOMMENDATIONS

9.1. Introduction

This section draws together the different strands of research in the employment land review into overall conclusions and to form recommendations for the future of employment land use in the Borough. The recommendations aim to address the finding of the report and enable LB Harrow to maximise the opportunities presented by the changing nature of the demand for employment land.

9.2. Conclusions

Table 9-1 sets out the current supply of employment land, the forecasted employment land demand up to 2016 and the proposed amount of land for release.

Table 9-1 Employment Land Demand and Supply

	Stock (ha)	Demand 2016 (ha)		Change 2006 –2016 (ha)	
		Low	High	Low	High
Office (B1)	25	29	31	4	6
Factories (B2)	66	63	69	-3	3
Warehouse (B8)	32	29	32	-3	0
Land with Development Potential	30	12	13	-18	-17
Total	153	133	145	-20	-8

Source: URS 2006

Table 9-2 sets out the land demand in terms of floorspace by applying standard plot ratios to the employment land forecasts. The forecasts are based on past floorspace trends which are characterised by relatively low plot ratios. By aiming to achieve higher plot densities in the future the overall amount of land required could be reduced.

Table 9-2 Forecast Demand for Floorspace 2006-2016

	Change 2006 – 2016 Land (ha)		Plot Ratio ²⁶	Change 2006 – 2016 Floorspace (sq m)	
	Low	High		Low	High
Office (B1)	4	6	2.00	80,000	120,000
Factories (B2)	-3	3	0.40	- 12,000	12,000
Warehouse (B8)	-3	0	0.50	-15,000	0

Source: URS 2006

The following conclusions discuss the forecasted future demand in the context of the research and analysis carried out during the course of the LB Harrow Employment Land Review.

9.2.1. Office (B1) Land Use

Historic Supply and Demand

Between 1998 and 2004 the office stock in Harrow saw a reduction of around 4% - in contrast to the gains experienced across the West London Sub-Region and London in general. The reduction in office stock may be reflective of a local re-balancing of the office property market which saw above average development rates in the 1980s and 90s.

Demand for office space in Harrow in recent years has been low and there are relatively high vacancy rates in the existing stock. However the property market analysis suggests a different picture of Harrow is starting to emerge. Over the period 1995 to 2005 the trend has been for average take-up of office space to rise from approximately 11,000 sq m per annum to approximately 22,000 sq m per annum in the Local Property Market Area – a doubling of demand. Harrow, meanwhile, has seen average demand rise from approximately 2,500 sq m per annum to just under 9,000 sq m over the same period – a two and a half fold increase.

The three years between 1995 and 2005 in particular saw a noticeable increase in take-up, especially in the 465 to 1,850 sq m category. This size category also has the largest proportion of new/refurbished floorspace, emphasising the importance of have a stock of appropriate and attractive premises available on the market.

Current Supply of Land and Premises

The Harrow market is characterised by somewhat outdated and unattractive office space which is not meeting the demands of modern business occupiers. Harrow has a distinct profile in that it does not have recent development (1991 – 2000) but does have a high

²⁶ In line with the ODPM's Employment Land Reviews: Guidance Notes (2004) as set out on page 101 of the document we have applied plot ratios for employment use. Within this we have use the upper limit for B1 which equates to 2.00 (less than what is suggested in the London Plan but viewed as more appropriate to Harrow), and we have used the median of the range for B2 (0.4) and B8(0.5).

proportion of stock built between 1940 and 1990. Stock built between 1971 and 1980 in particular characterises Harrow Metropolitan Centre but due to its age, condition and specification is generally less suitable for modern occupier preferences.

A general view expressed by property agents contacted as part of the market analysis was that demand is likely to be going unmet due because the existing stock was not of a good enough quality. Another element of the perceived supply constraint appears to be related to the size of available premises. Harrow shows a higher proportion of take-up for smaller size units but as of December 2005 there was little or no new or refurbished stock of this kind available on the market.

There is also an issue of the wider office environment. Harrow Town Centre, where the majority of office stock is located, is not currently achieving its full potential as a metropolitan centre and a key activity node for North-West London. Improvement is required in relation to the maintenance, appearance and attractiveness of the centre and to ensure that Harrow Town Centre has a distinctive identity that provides more of what residents, visitors and businesses expect from a modern London centre.

Policy Context

The London Borough of Harrow has both district and local centres and Harrow town centre is identified as a Metropolitan Centre in the London Plan. National, London and local planning policy encourages retail, leisure and key commercial activities in centres especially where there is good public transport such as Harrow Town Centre. The London Plan also states that Council's should improve the sustainability of suburban residential centres by promoting better access to employment opportunities.

The 2006 London Office Policy Review (LOPR) sets out three typologies of the outer London office market with Harrow fitting into the second category related to the promotion of some office space as part of wider mixed-use development.

The LOPR allocates a portion of all financial and business services employment growth to each borough including 5,200 new jobs to Harrow between 2003 and 2016. By applying employment density ranges²⁷ to the number of new jobs translates it calculates a potential future requirement of between 83,200 sq m and 98,800 sq m of office floorspace. It goes onto state that buildings that fail to attract new occupiers and remain vacant for long periods of time should be reviewed for alternative uses to minimise the potential blighting effect on surrounding areas.

Forecast Land Demand (2006-2016)

Demand for office space depends on an attractive offer in an appropriate environment. Plans for Harrow town centre aim to make it a more modern and appealing destination, providing a range of town centre activities, including office space for smaller, local and new businesses and perhaps public sector or institutional type services. Improving the

²⁷ Between 16 sq m/employee and 19 sq m/employee.

image of Harrow town centre could lead to an increase in take-up by providing a more attractive product for businesses.

Based on the forecasting exercise there is a potential future requirement for between four and six hectares of additional land for office development in LB Harrow. The office-based sectors (mainly business and financial services) are predicted to grow significantly in London over the next few years and with reference to the LOPR some of that growth has been allocated to LB Harrow based on supporting characteristics such as employment structure, transport accessibility and potential development capacity.

As mentioned in Section 2.3 B1 use encompasses offices, research and development and light industrial units. However in terms of the forecast the strongest growth is expected in the financial and business services sector (see Section 5.2) and this is the sector that is expected to require most of the B1 office space rather than the other uses.

LB Harrow has a high proportion of highly skilled workers with professional occupations associated with office-based employment. More of these types of jobs located within the Borough would provide the opportunity for people to work closer to home and promote a more sustainable land use mix. There is also a high proportion of people working from home and other small businesses that could influence future demand for space as their business grow and need space for expansion.

It is anticipated that the majority of the potential demand could be met by developing a number of town centre UDP proposal sites into mixed-use high-density developments without the need to identify any additional land. Some examples of successful mixed-use schemes are provided in Appendix B.

9.2.2. Factory (B2) Land Use

Historic Supply and Demand

In contrast to sub-regional and London trends there has been an increase in factory (B2) floorspace of around 10% between 1999 and 2004. This occurrence is also thought to be linked to average employment densities decreasing from 35 sq m per employee in 1998 to 55 sq m in 2004 – well above benchmark figures of 30 to 35 sq m per person.

This high level of provision of manufacturing floorspace in the Borough is unlikely to increase significantly over the next decade but as mentioned in Section 6.2.1 some new stock may still be built to meet the demands of existing occupiers for better or larger premises.

Information on the take-up of available supply indicates that existing demand is most likely to be focused on smaller, good quality units. Our property market analysis indicated that in the past demand may not have been entirely met due to factors such as quality, location and size constraints.

Current Supply of Land and Premises

LB Harrow is characterised by a number of relatively small, dispersed sites but with a few multi-national businesses occupying large sites such as Kodak and ColArt.

According to the Valuation Office Agency there is 234,000 sq m of factory floorspace in LB Harrow. The majority of which falls into the Borough's identified Industrial and Business Use areas. These areas were targeted as part of the field surveys carried out during the employment land review and were generally assessed as being well occupied and providing an active business environment for a variety of different business activities.

A common observation was that business areas are generally in good condition though there are some exceptions where premises and surrounding areas were not well maintained and areas were at risk of becoming increasingly run-down.

Policy Context

The London Plan gives guidance on prioritising and protecting employment sites with strategic importance. Harrow's Wealdstone Industrial Area and Stanmore Industrial Estate are identified as Strategic Employment Locations in the London Plan and are subject to the related London Plan policies.

Employment areas that fall outside of SEL designations should also be accounted for and protected where the employment use is still viable and does not have negative impacts on neighbouring areas.

LB Harrow is categorised as limited transfer in the Draft Industrial Capacity SPG and is advised to take a cautionary approach to the release of industrial land based on more local factors affecting supply and demand.

The Council's current UDP policies take a firm position on the protection of designated employment areas. The enhancement and regeneration of existing sites for employment is a priority to provide for the expected future employment needs in the Borough.

Forecast Land Demand (2006 – 2016)

Taking all of the above factors into account, the forecast land demand for factories ranges from a potential release of three hectares to a potential demand of three hectares.

Any release would generally relate to the further re-adjustment of employment and floorspace needs to achieve a more sustainable level of floorspace provision in the Borough as previously described in Section 6.2.1.

Information on the take-up indicates that existing demand is most likely to be focused on smaller, good quality units while the property market analysis indicates that past demand may be going unmet due to lack of quality and appropriate sized and located premises. There is also the potential demand for waste and recycling sites. Harrow is currently not expected to provide any large sites but could look at providing local processing facilities on existing employment sites. Therefore there is scope for some additional demand for B2 land reflected in the forecasted potential future demand of up to three hectares.

9.2.3. Warehouse (B8) and Other Industry-Related Land Uses

Historic Supply and Demand

The main focus of past demand for industrial space in LB Harrow has been warehousing/distribution space. There is generally demand for all size categories but the majority of enquiries are for units less than 500 sq m. Demand for warehousing space tends to be focused along the Harrow/Wealdstone axis. Between 2001 and 2004 there was a net increase in distribution/warehouse space development.

Market analysis suggests that there could be an element of unmet demand for warehousing land use within LB Harrow. Discussions with property agents suggested that many newly developed B2 premises are actually being used for small-scale warehouse related activities such as distribution.

It is also noted that past take-up levels are not necessarily reflective of complete demand. Actual take-up will be influenced by factors such as the quality and size of available property, price and occupational arrangements, and locational requirements of the occupier. There may, therefore, still be demand that is unsatisfied within an area by virtue of the composition of available supply. The historic take-up picture can only be used as a guide as to potential future demand.

In addition there appears to be a more limited supply of industrial space in the Harrow/Wealdstone area – based on historic demand levels – than in Stanmore/Burnt Oak.

Current Supply of Land and Premises

According to the Valuation Office Agency there is 158,000 sq m of warehouse space in LB Harrow, which accounts for only 3% of the total warehouse floorspace in the West London Sub-region.

LB Harrow is surrounded by local authorities that have significant amounts of warehousing floorspace with better connections to the road network, which are more likely to be the focus of most of the future distribution activity in the sub-region.

LB Harrow's employment areas are generally a mixture of industrial and business uses with few of them strictly for distribution purposes. Many of the surveyed clusters identified access, both strategic and internal, as a problem with many requiring travel through residential streets to access main routes.

Policy Context

The GLA/LDA study 'The Industrial and Warehousing Land Demand in London' (2003) highlights the fact that occupiers of traditional industry and warehousing land are evolving. Many businesses use warehouses and industrial land to conduct their activities including: transport and storage, construction, recycling and refuse disposal. In light of the findings the scope for release of industrial land across London has been downgraded as many of these sectors have better prospects for growth than the traditional manufacturing sector.

Policies on sustainable waste management may result in some additional demand for industrial land in LB Harrow. It is acknowledged that there is presently no scope for large facilities in LB Harrow. However there is the potential for some small-scale waste and recycling facilities to be located within existing industrial and business uses areas.

In line with PPS10 there are opportunities for on-site management of waste located close to where it is being produced. Sites should be assessed based on physical and environmental constraints; impacts on surrounding land uses; the cumulative social, environmental and economic impacts of existing waste facilities; and the capacity of the existing and the potential transport infrastructure to cope with the sustainable movement of waste materials.

New sites or areas within existing business and industrial use areas should be identified as part of the production of the joint waste DPD.

Forecast Land Demand (2006 – 2016)

Taking all elements of the employment land review into account, the forecasting exercise predicts a future demand for warehousing land of between 29 ha and 32 ha translating into a potential release of up to three hectares.

9.2.4. Land With Development Potential

Historic Supply and Demand

LB Harrow has a limited supply of land readily available for development. The majority of designated development sites are allocated for mixed use development and in general comprise Council managed car parks and other underutilised sites. Many of the sites have been available for a number of years.

Current Supply of Land

In LB Harrow, the available developable land currently represents approximately 25% of the built-on employment land stock. By applying standard plot ratios and making comparisons with past trends in floorspace take-up the existing 30 ha of available developable employment land could provide a minimum of 50 years worth of supply in Harrow which is beyond the scope of provision required to cover the next plan period.

Policy and Research Context

Previous studies (see *Industrial & Warehousing Land Demand in London*, Roger Tym & Partners; GLA, 2004) have estimated an appropriate level of churn to be 10% of the built-on employment land but emphasise that there is no exact measure for this level.

In terms of the recommended 'plan-monitor-manage' approach outlined in the *London Plan*, LB Harrow is in the favourable position of potentially identifying their suggested land for release targets from currently allocated development sites. However there needs to be a margin of vacant land retained to allow for smooth operation of the employment land

market. This demand for 'churn' or 'frictional vacancy' is an important element of an efficiently operating property market.

It is important to note that churn itself does not result in a net reduction of vacant land, as companies moving within the Borough will free up existing premises when moving to a new location and will subsequently release land and premises for new development. It is unlikely that the vacated premises will become occupied immediately, and the period of time needed to either attract new occupiers, or re-configure the site to make it more marketable, determines the extent of vacant land necessary for churn demand.

The demand for developable land from existing businesses is likely to be directly related to the vibrancy of the industrial land market.

Forecast Land Demand (2006-2016)

On balance, the Borough shows a relatively stable demand for industrial land at a strategic level, and 10% is likely to represent a realistic factor for churn²⁸.

Bringing the amount of available developable land down to 10% of built-on stock results in a more sustainable and efficient amount of land available for development in the Borough, which will cover the length of the plan period and allow the market to operate efficiently. This represents a potential release of up to 18 hectares of the Borough's available developable land.

9.3. Comparing Results

The West London Alliance recently commissioned Rosecliffe Associates to undertake a study researching the amount of industrial land released in West London since 2001. The work was commissioned in response to the Roger Tym and Partners (RTP) report to the GLA '*Industrial and Warehousing Land Demand in London*' (RTP, 2004) which suggests that West London could afford to release up to 41 hectares of industrial land to alternative uses by 2016.

The study²⁹, completed in May 2006, finds that the West London boroughs have already exceeded the RTP target release of 41 hectares of industrial land and have actually released around 80 hectares. This figure includes an average for the release of smaller parcels of land dotted around the sub-region and some other site-specific data not picked up in the London Development Database from which RTP gathered its data.

The forecasting exercise indicates a potential future demand of between an extra three hectares of industrial land for factories and a potential total release of up to six hectares of industrial land. This range suggests that the industrial land market in Harrow should be monitored closely and that average demand will remain constant throughout the plan

²⁸ Recent industrial land research including the East London Industrial Land Strategy (URS, 2006) and the Revised Industrial Land Demand and Release Benchmarks (URS, unpublished at time of writing) has used a churn rate of between 5-6% for industrial land, however as our forecasts include land for office development, where the majority of demand is anticipated, we have used a churn rate of 10% to accommodate future development.

²⁹ *Managing the Release of Employment Land in West London for Non-Employment Uses*, Rosecliffe Associates, 2006

period but there will be some scope for change of use between B2 and B8 class use. URS are not recommending any release of LB Harrow's existing stock of industrial land. The land identified for release is made up of LB Harrow's UDP proposal sites broadly comprising car parks and other underutilised sites.

9.4. Recommendations

Based on the findings presented in this report we put forward a number of recommendations for the future of employment land in LB Harrow and for maintaining and enhancing the Borough's existing industrial and business use areas. In line with national, regional and local policies the recommendations aim to provide a range of different sites for the local economy to grow while releasing available land for other uses where appropriate.

Recommendation 1 Industrial Land

Subject to Recommendation 2 below all land currently designated in LB Harrow's Industrial and Business Use Areas and Business Use Areas in industrial use (B2 and B8) should be protected for employment generating activity.

Justification:

The results of the survey indicate a healthy stock of employment land and premises in LB Harrow's designated employment areas. A common observation of the survey was that business clusters were well occupied and were providing an active business environment for a variety of different business activities.

Forecasts indicate the average demand for industrial land (B2 and B8) within LB Harrow is expected to be relatively stable up to 2016. In contrast to national and regional trends manufacturing floorspace in Harrow has recently been increasing and it seems that some of the smaller sized units are actually being used as small-scale distribution units. In terms of manufacturing Harrow appears to be a buoyant element of the Regional Property Market Area and West London Region.

In addition the change in warehousing stock, as discussed in Section 6.2.1, suggests that Harrow is capturing a reasonable level of distribution activity, partially reflecting value or supply constraints in the more traditional distribution markets of Brent, Ealing and Hillingdon, which may be resulting in some transfer of demand into Harrow. This trend is likely to continue reflecting increasing supply constraints on the distribution sector in neighbouring boroughs.

This suggests that overall only modest adjustments should be made in the total industrial land allocations through planning policy over this time and should be related to the transfer of sites from B2 to B8 or vice versa.

In line with the draft Industrial Capacity SPG we therefore recommend a cautionary approach to the transfer of industrial land.

Recommendation 2 Large Sites

Where a large (or part thereof) employment site currently occupied by a single enterprise becomes vacant, the Council should determine the future of the site based on the outcomes from this study and a separate review of the site's future. This review should assess the sites specific circumstances, its context and the ability to maximise employment on the site as part of any future uses. A large employment site in this context is considered to be a site greater than 3 ha in size.

Justification:

LB Harrow is characterised by a number of relatively small, dispersed sites but there are a few larger sites occupied by large single multi-national businesses. The results of this study have been based on the appraisal of the current employment land market operating in LB Harrow and the assumption that these conditions will continue into the future. However, there could be unforeseen and unexpected market changes that result in large areas of industrial land, occupied by a single large business, coming onto the market and, based on the employment land forecasts, the possibility of maintaining employment on a site of that size may be unrealistic.

At such a time it would be more appropriate to look at the wider economic context and opportunities that a site of this size could fulfil and the wider benefits that it could provide if developed for other or mixed uses.

Recommendation 3 Office Sites

Recommendation 3 is presented in two parts to cover the range of issues related to office employment space in the Borough.

3a. Office (B1) uses should be encouraged as part of the redevelopment of town centre sites, including as part of mixed-use developments where appropriate. This should be supported by improvements to the environmental quality of town centres, particularly Harrow Town Centre.

3b. All existing office uses should be protected unless their quality and/or location do not meet current and projected future demands and requirements for office space in Harrow. The Council should develop criteria based policies, based on this study, which seek to provide guidance in implementing this policy.

Justification:

The forecast growth in office based jobs along with the suggested unmet demand for appropriate sized good-quality town centre office stock indicates a potential future demand of between four and six hectares of land for office space in LB Harrow.

While the reduction of office space between 1998 and 2004 may represent a rebalancing of the office property markets from the high rates of in the 1980s and 90s both the 2006 LOPR and West London SRDF highlight the ability of Harrow's town centres to meet anticipated growth by providing some office provision as part of wider residential or residential and retail/leisure mixed-use development. The SRDF states that it will be down to the ability of town centres to improve their image that will be key to attracting additional demand and accommodating sustainable growth.

The LOPR also allocates a portion of all financial and business services employment growth to each borough including 5,200 new jobs to LB Harrow between 2003 and 2016. This translates into a potential future floorspace requirement of between 83,200 sq m and 98,800 sq m.

The majority of Harrow's office stock is made up of premises built between 1940 and 1990 with a disproportionate amount built between 1971 and 1990. Much of this stock is made up of large floorplates suitable only to large single occupiers that are not representative of the Harrow market.

Whilst there has been a history of high vacancy levels across LB Harrow, which is likely to be linked to the quality of premises on offer, between 2003 and 2005 there was a noticeable increase in take-up, especially in the 465 to 1,850 sq m category. This is also the size category that has the largest proportion of new/refurbished stock, which emphasises the comments received from local property agents about the importance of having a stock of appropriate and attractive premises available to the market. Therefore it is considered that a release of some of the more undesirable office stock and the development of some new office floorspace could increase the level of demand in LB Harrow by being more attractive to local businesses and those looking to move into the Borough.

In addition an increased supply of office space and subsequently office based job opportunities would provide a better match between the local workforce characteristics and the types of jobs available and serve to close the gap between supply and demand for office space in LB Harrow.

Taking all these factors into account this study has found – based on policy and literature review, employment land market analysis and employment land demand forecast – some potential future demand for office space.

Recommendation 4 SME Premises

Encourage the provision of premises for small and medium sized enterprises and start-up businesses.

Accommodation for SMEs and start-ups generally includes a combination of three types of premises and provide opportunities for clustering or zoning:

1. Incubator space made up of office space, craft workshops or light industrial units providing:
 - Flexible premises including access to broadband and other resources.
 - A highly specialised and sector-specific entrepreneurial and learning environment.
 - Ready access to specialist business advisers, mentors and investors.
 - Visibility in the marketplace.
 - Networking opportunities.

2. Managed workspace providing:

- Short, flexible leases.
- Shared office facilities such as IT, fax, photocopying, e-mail, book-keeping and conference facilities.
- Hands-on and targeted business support and advice such as finance, marketing and management skills.

3. Live/work schemes are:

- Designed for dual use.
- Designed to have a higher proportion of business use.
- Designed to accommodate more workers than just the resident in order to encourage company growth.

Provision for small businesses could also be enhanced through the implementation of an improvement strategy for existing poorer quality small business areas.

Justification:

Small businesses represent a large portion of LB Harrow's business base with over 90% of businesses employing between one and ten employees. Harrow maintains a high level of new business start-ups each year with an average 1.5% annual increase in VAT registered businesses over the last decade.

The study commissioned by Harrow Council '*Incubator Feasibility Study, Phase 1*' (UKBI, 2005) conducted research into the feasibility of developing an incubation centre in the Borough. Research indicates that Harrow could benefit from an incubation environment building on its entrepreneurial spirit and enhancing links with the University of Westminster. Encouraging better quality and appropriate sized premises would provide the opportunity for LB Harrow to capitalise on the potential success of any future incubation centre.

In addition evidence suggests there is a lack of good quality small and reasonably priced units in the Borough and refurbishment or redevelopment of existing stock should be encouraged in order to provide an attractive business environment for new businesses. The analysis presented in Section 6.2.2 indicates that Harrow is orientated more towards demand from smaller industrial organisations, notably between 465 - 1,850 sq m and the smaller end of the market (under 185 sq m). It is these groups that provide the majority of demand (60%).

In terms of available floorspace the market analysis indicated there is a relative lack of the smallest (under 185 sq m) industrial floorspace category in Harrow based upon past take-up rates.

Commentary from local property market agents also suggests that overall demand levels for industrial floorspace are reasonably steady including demand for smaller manufacturing space (under 200 sq m).

An improvement strategy should specifically target those areas along the railway arches in South Harrow and smaller local employment sites along Edgware Road (for example Ballard Mews and The Chase). These areas are ideal for small businesses, appear to be serving a local demand for the types of services provided and should the Council should aim to maximise the potential of these sites.

Recommendation 5 Monitoring

The Council should monitor the release of potential developable land in a systematic way to ensure that sufficient land is available for economic growth.

Justification:

Within a functioning property market there will be an element of frictional vacancy relating to vacancies caused by the movement of existing tenants. In order for the market to operate efficiently it is appropriate to maintain a constant supply of land readily available for development. This will provide choice and opportunity for expansion of existing businesses and also scope for new businesses to move into the market.

Presently in Harrow the current stock of developable land represents 25% of built-on stock. In relation to Harrow, in the context of stable or slightly declining markets, 10% of built on stock is deemed an appropriate level of land for churn based on the assessment of current available developable land area and forecasted future land requirements.

We recommend a cautionary approach to the transfer of available developable land to alternative uses in line with the draft Industrial Capacity SPG. In order to effectively monitor land-use changes we recommend the following approach to maintaining an up-to-date record of employment land and premises in LB Harrow:

- Updating employment land survey
- Update planning application database (to mirror London Development Database)

Appendix A - Survey Questionnaires

Business Cluster Number: _____

Your Initials: _____ **Date:** _____

(C.1) The cluster is best described as a:

- Business park
 Recycling / environmental industrial sites
 Industrial estate
 Town centre / main shopping area
 Warehouse / distribution Park
 Incubator / SME cluster
 Local shopping centre
 Other _____

(C.2a) Developable area in cluster in percent _____ % **Current use** _____.

This is an accumulation of identified development sites (in UDP) and any unidentified vacant areas of developable land within developed sites (see manual for definition).

(C.2b) Number of developable sites _____.

Includes both UDP identified sites and newly identified sites from survey.

(C.3) Access to Road Network

- Direct access to A-road
 Within 5 min drive to the motorway on an A-road
 Indirect access to A-road

Comments on proximity A Road.

(C.4) Internal road access is

- Adequate for uses within cluster
 Not adequate for uses within cluster
 Don't know
 There are sites with limited HGV access

Always describe external and internal access and circulation (including adequacy). Please look at links to the national trunk road network.

(C.5) Servicing of businesses in cluster

(multiple answers possible)

- Road side loading/unloading
 Off road loading/unloading
 Loading bays

Always comment on servicing, **reason** for judgment on adequacy (C10.3)

Servicing is adequate for the uses within the cluster Yes No Don't know

(C.6) Parking facilities

(multiple answers possible)

- Dedicated parking within cluster
 On street parking
 Yellow / double yellow lines
 Red route
 Controlled parking zone/paid parking

Always comment on parking facilities **give reason** for judgment on adequacy of parking provision

Parking provision is: Adequate Too little Too much Don't know

(C.7) Access to facilities and amenities (see manual for definition)

- Very good Good Poor Very poor

(C.8) **Access to public transport** (see manual for definition)

- Very good Good Poor Very poor

(C.9) **Bad neighbourhood uses**

Businesses in the business cluster cause:

- None
- Noise pollution
- Air pollution
- Smell
- HGV traffic
- Significant car traffic
- Other (please comment)

Always comments on bad neighbourhood uses (except none) (C9.2)

(C.10) **Quality of environment**

(see manual for definition)

- Very good
- Good
- Poor
- Very poor

Always comments on quality of environment (C6.2)

(C.11) **The cluster lies within close proximity to / has impact on** (multiple answers possible)

- Residential uses Town centre Local shopping centre
- Other _____

(C.12) **Contamination: are there site(s)/building(s) within the cluster with potential contamination?**

- Yes
- No

If yes, describe potential contamination and indicate on map

(C.13) **Condition of Buildings - % of buildings within Cluster in:**

Very Good _____ % / **Good** _____ % / **Poor** _____ % / **Very Poor** _____ %

(C.14) **Photographs**

Image number(s) _____ / _____ / _____ / _____ / _____
 (minimum of 1 image per cluster)

(C.15) **Any signs of development in the last five years / General description of cluster / signs of active marketing / comments on business cluster**

Always describe business cluster, and include any comments you have

Data input by (initials) _____ Date _____

Development Site Number: _____

Your Initials: _____ **Date:** _____

(S.1) The Developable area is:

Vacant Land

Vacant Building

(S.2) **Existing local plan policy (if site is identified)** _____
 (TO BE COMPLETED POST SURVEY, PLEASE DO NOT FILL IN)

(S.3) **What is the developable area (in percent)** _____%

This is applicable for undeveloped and newly identified vacant/derelict sites. Draw on map and label as "Developable" and describe current situation / use (see manual for definition).

(S.4) **General description of vacant/derelict site.**

Always describe site, and include any comments you have

(S.5) **Road access to and from the site**

- Adequate
- Not adequate
- Don't know
- There is limited HGV access

Always describe external and internal access and circulation (including adequacy) (C12.4)

(S.6) **Contamination: is there land/building(s) on site with potential contamination?**

- Yes
- No

If yes, describe potential contamination and indicate on map (C14.2)

(S.7) **Potential ecological value:** Yes No

If yes, describe potential ecological value:

(S.8) Any sign of development in the last 5 years:

- Yes
- No

If yes, give description of development:

(S.9) Any evidence of active marketing for site as employment land: Yes No

If yes, make note of site, type of buildings on site, floorspace or land available, estate agent.

(S.10) Access to public transport:
(See manual)

- Very Good
- Good
- Poor
- Very Poor

(S.11) Access to facilities and amenities:
(See Manual)

- Very Good
- Good
- Poor
- Very Poor

(S.12) Photographs (minimum of 1 image per site)

Image number(s) _ / _ / _ / _ / _

Appendix B - Mixed-use Case Studies

259 City Road

Site Description

259 City Road is located at the corner of City Road and Wharf Road within the London Borough of Islington (LBI) and the eastern boundary of the site is adjacent to the borough boundary with Hackney. The total site area is 3,292 sq m and had been occupied by an older two-storey commercial building at the time the scheme was proposed. The site is bordered to the north by a National Grid primary transformer station; to the west lie the storage and sub stations for EDF Power Company and to the south and east by City Road and Wharf Road, respectively. Twenty-five metres northwest of the site is City Road Basin, which is designated as a Site of Metropolitan Importance (SMI) for Nature Conservation.

Policy Framework

The proposed site falls within in the City Road Basin Area, which is identified as an Area of Opportunity within the LBI's Unitary Development Plan (UDP). The framework provided by the City Road Masterplan assesses development proposals for the area. The masterplan encourages developments that provide a mix of residential, retail, restaurant, leisure, commercial and business space or studios.

Scheme Description

The existing buildings on the site are predominantly commercial, which will be demolished to accommodate the new scheme. The proposed development consists of a 28 storey residential tower above retail units, a 12-15 storey affordable residential block and a 5 m tall commercial building in between the other two structures.

Overall the scheme will provide

- 109 private residential units
- 93 units affordable housing units
- 793 sq m of commercial space (to provide for either a offices, smaller retail shops or local supermarket)
- 81 residential car parking spaces
- Some roof top gardens and landscaped surrounding common areas



The Galleria, Peckham

Site Description

The site is located in Peckham, within the London Borough of Southwark (LBS). It is a leafy site, bound by Burgess Park and the Green Chain Walk. At the time the scheme was proposed the site was occupied by an older light industrial buildings and run down office blocks. The site employed a total of 30 people working in a print company.

Planning Framework

The new development fits into London Borough of Southwark's aim of creating mixed-use developments that lead to more sustainable communities. The local authority is keen for schemes to combine housing, commercial and retail space together¹.

Scheme Description

The new scheme is a joint initiative between Barratt Homes and Acme Studios, it combines apartments with affordable artists studios. Thereby maintaining employment use within the site whilst offering affordable housing.

The development consists of 98 apartments (23 of which are affordable) and 50 studio units (arranged over four floors).



¹ Southwark Council (2005) Section 106 Planning Contributions – Draft Supplementary Planning Document

Upper Richmond Road

Site Description

The corner site on Upper Richmond Road was originally occupied by four to five storey office block with a petrol station at ground level. In order for the scheme to move forward the removal of existing underground fuel tanks had to be carried out under strict monitoring by the Environment Agency.

Planning Framework

The UDP aims to '*encourage a mix of uses so as to both sustain the strength and diversity of the local economy and to provide life and vitality by spreading activity over a longer period of the day*'. Thereby, promoting development for employment purposes in appropriate location including as part of mixed-use development.

This brownfield site is appears to be within close proximity of areas identified as retail centres in the Wandsworth Borough Unitary Development Plan (UDP).

Scheme Description

This prestigious scheme on Upper Richmond Road provides retail, office and residential accommodation over nine stories. The scheme also includes sub-basement car parking facilities with extensive landscaped amenity areas.

The main building will provide a mix of uses including:

- Retail and café space at the ground floor
- Provision for offices on the first floor
- Residential accommodation on the upper floors

The affordable housing units will be provided in a separate 2-storey block.



Original building on site



Illustration of scheme as built

