Greenwich Employment Land Review

Final Report

Royal Borough of Greenwich

28 February 2025

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1.0 Executive Summary

1.1 The Royal Borough of Greenwich ("RBG" or "the Council") commissioned Lichfields to undertake an Employment Land Review (ELR) for the Borough. The purpose of the study is to provide an up-to-date evidence base for employment policies and designations to inform the emerging new Local Plan covering the period between 2022 and 2037.

1.2 The assessment responds to the requirements of the latest National Planning Policy Framework ('NPPF') and follow the approaches set out in the Planning Practice Guidance ('PPG'). This assessment looks at likely floorspace and land requirements in the future, taking into account the needs of different industries and types of business. These include the following use classes that are collectively referred to as 'employment space':

- **B2 general industrial:** typically comprising factory and manufacturing space.
- **B8 storage and distribution:** warehouses, wholesale and distribution.
- Under the Use Classes Order, "B1 uses" have changed as follows: Former Class B1(a) to **E(g)(i)**: office space;
- Former Class B1(b) to **E(g)(ii)**: research and development space; and
- Former Class B1(c) to **E(g)(iii)**: light industrial space.

1.3 This Executive Summary follows the structure of the main report, and sets out the key findings.

Economic Context and Trends

1.4 Greenwich has experienced significant population growth, surpassing both London and national averages, with an increasing working-age population despite declines elsewhere. The borough's job base has expanded at a faster rate than London and the UK, driven by key sectors such as the public sector, professional services, and a rapidly growing accommodation, food services, and recreation industry, reflecting its strong tourism economy.

1.5 However, workforce productivity (measured by GVA) remains relatively low compared to London and slightly below the national average, indicating a concentration of lower-value sectors. Labour market performance is strong, with high economic activity and an increasing proportion of degree-qualified residents. Yet, Greenwich also has a higher-than-average share of out-of-work benefit claimants, and local earnings lag behind the London average.

1.6 Business activity has been mixed. While start-up and survival rates have been relatively strong, the overall business base has declined post-Covid, with many small businesses contributing to a dynamic entrepreneurial environment.

1.7 Greenwich remains among the 30% most deprived areas in the UK. While there has been some improvement since 2015, pockets of deprivation persist, particularly in housing affordability, crime, and income, though the borough performs well in education.

Commercial property market review

1.8 The Royal Borough of Greenwich (RBG) has experienced significant changes in its commercial property market in recent years. The office market has grown due to large-scale regeneration projects, especially in areas like Greenwich Peninsula and Woolwich Riverside. Over the past 20 years, office space has expanded, with low vacancy rates indicating high demand and limited supply. Most office space is concentrated in the northern parts of the borough, particularly in Greenwich, Greenwich Peninsula, and Woolwich, with Woolwich accounting for a third of the total office stock. Although there were some losses in office space from 2009 to 2022, overall, the borough saw a net gain in employment space, largely due to office developments.

1.9 The Greenwich office market remains active, with a low vacancy rate of 1.6%, well below the typical market equilibrium. Despite recent inventory expansion, supply remains tight, and rents have increased. The market mainly caters to small and medium-sized enterprises (SMEs) looking for office spaces between 300 and 2,700 sq.m.

1.10 In terms of industrial space, RBG has seen steady demand, with significant concentrations in Charlton Riverside, Plumstead, Thamesmead, and Woolwich. While the traditional manufacturing sector is contracting, there is growth in logistics and light industrial sectors, with increasing demand for flexible and affordable workspaces. Vacancy rates have risen slightly to 5.8%, but rental growth has been modest at 3%. The market has seen little new development, and net absorption has been negative. However, there is strong demand for logistics, distribution spaces, and small light industrial units, driven by the borough's strategic location for last-mile distribution and its growing creative sector.

1.11 Finally, there is considerable demand for affordable workspaces, particularly from creative businesses. The Greenwich Enterprise Board reports full occupancy of its properties, which cater to businesses seeking flexible leases and lower rents. Rising rents are pushing some businesses to move away from RBG, highlighting the growing need for affordable and adaptable workspaces.

Meeting Future Employment Needs

1.12 The study outlines four scenarios[1] for RBG's future employment space needs, with varying growth projections. The required employment space ranges from 83,200 sq.m (Scenario 2) to 495,000 sq.m (Scenario 3). Projections of estimated office space needs are more consistent, ranging from 31,520 sq.m to 59,160 sq.m, with the higher figure reflecting growth from regeneration projects in Greenwich Peninsula and Woolwich Riverside. Although there is demand for office space, especially from SMEs seeking flexible workspaces, many businesses are utilising flexible E Class spaces that combine office and light industrial activities. A minimum of 31,520 sq.m (Scenario 1B, Labour Demand) is considered sufficient.

[1] Scenario 1A: GLA Economic Labour Demand – Based on the latest employment projections for London, published by the GLA in October 2022.
Scenario 1B: Experian Forecast – Utilizes employment growth forecasts for RBG from Experian's June 2024 release.
Scenario 2: Past Trends – Analyses historical employment space completions using monitoring data from the London Development Database (LDD) and the Council's records.
Scenario 3: Labour Supply Scenario – Projects future local labour supply growth in line with the Borough's latest housing target of 4,077 dwellings per annum (dpa).

1.13 Light industrial space needs vary greatly, from 410 sq.m to 214,050 sq.m, with past trends showing significant losses. Despite this, demand for light industrial space, particularly from small businesses and creative industries, remains strong. A minimum of 121,835 sq.m is recommended. B2 industrial space requirements are narrower, ranging from 410 sq.m to 18,215 sq.m, with a minimum of 6,040 sq.m due to declining demand. Distribution space, driven primarily by last-mile and urban logistics, ranges from 23,630 sq.m to 220,240 sq.m, with a recommended minimum of 65,460 sq.m.

1.14 In total, 224,855 sq.m of employment space is recommended for RBG by 2037. To ensure adaptability in planning, the Local Plan should not only meet office and industrial space needs but also consider the potential benefits and risks of various policy approaches, including prioritising certain locations or sectors for growth.

Employment Land Supply

1.15 A qualitative audit was conducted on the employment sites across the Royal Borough, focusing on areas surrounding four Strategic Industrial Locations (SILs), six existing industrial sites, three town centre areas, and one office cluster.

1.16 The audit shows that most of the existing employment sites are performing well with low vacancy rates. The total employment land supply in RBG is approximately 367 hectares, mainly dedicated to industrial or B8 (storage and distribution) uses, with the only notable office supply found in the O2 Office Cluster in North Greenwich. Town centres like Greenwich, Woolwich, and Eltham primarily focus on residential and retail uses, offering limited office space.

1.17 In terms of capacity, there is about 5.4 hectares of vacant land available for employment space development, including 3 hectares at Greenwich Peninsula West and 2.4 hectares at West Thamesmead and Plumstead. A review of the Council's monitoring data reveals a slight negative net supply of -467 sq.m of employment land, mainly due to a loss of office space. Combining available capacity at SILs and extant permissions, the total supply is estimated to be around 34,633 sq.m.

Balance of demand and supply

1.18 Once the future supply is set against the employment land requirements it implies that there would be insufficient employment space to meet the full requirements of any of the scenarios. Based on the analysis of the demand and supply position, the Council currently has an insufficient consented supply or potential capacity on existing sites to meet the employment requirements implied by the range of demand scenarios in overall terms across RBG as a whole. Against the recommended minimum requirement of 224,855 sq.m there is a resulting calculated undersupply of -190,222 sq.m.

Policy implications

1.19 To meet the minimum employment space demand for RBG over the Local Plan period, the Council will need to identify additional capacity. This assessment does not include the potential contribution of ongoing regeneration projects like Charlton Riverside and Thamesmead and Abbey Wood, which could significantly reduce the forecast undersupply

by enabling intensification, such as mezzanine floors. However, such intensification requires market testing to evaluate viability.

1.20 Most of RBG's employment space is concentrated in the Strategic Industrial Locations (SILs) at West Thamesmead and Plumstead. Intensifying existing sites will be key to meeting the borough's economic needs. The Council should prioritise redevelopment in Opportunity Areas such as Charlton Riverside, which includes plans for a mix of employment uses, particularly light industrial and distribution uses. Similarly, Thamesmead and Abbey Wood offer strategic opportunities for intensification.

1.21 Given the constrained land supply, future employment policies should protect established employment sites, including SILs, and support their renewal and intensification to meet changing business needs. Policies should also limit losses of employment space and focus on net gains, especially in well-established employment locations such as town centres.

1.22 The Local Plan should include the following recommendations:

- Designate Locally Significant Industrial Sites (LSISs) as per the London Plan.
- Protect viable, undesignated employment sites.
- Support modern economy uses, including freight and logistics.
- Be flexible to respond to market demands and economic needs.
- Address the demand for affordable workspace.

1.23 Locally Significant Industrial Sites (LSIS) recommendations based on the study's site assessment include Charlton Riverside West, the I/O Centre, Thistlebrook Industrial Estate, and Lyndean Industrial Estate. These sites should be protected and potentially intensified to support employment growth.

1.24 A general protection policy should assess non-designated industrial sites on a case-by-case basis, ensuring the conversion or redevelopment of land is justified by market demand and economic benefits.

1.25 RBG must ensure adequate provision of distribution and logistics space in alignment with the NPPF's guidelines for Modern Economy uses, offering a variety of unit sizes, especially within SILs. The Council should explore the expansion of LSIS sites, such as Charlton Riverside West and the I/O Centre, through intensification or redevelopment.

1.26 Given the demand from SMEs for flexible workspace, the Council should adopt a flexible policy approach, particularly for office and light industrial uses, to accommodate evolving business needs.

1.27 Finally, given the increasing demand for affordable workspace across all employment sectors, driven by rising rents that push smaller businesses to seek older, more affordable premises. The Council should introduce an explicit Affordable Workspace Policy as part of the Local Plan, which will cater to the needs of small businesses and creative sectors. A bespoke affordable workspace needs assessment should be conducted to inform the policy, providing a detailed review of sector demand, forecasts, and supply gaps.

2.0 Introduction

2.1 The Royal Borough of Greenwich ("RBG" or "the Council") commissioned Lichfields to undertake an Employment Land Review (ELR) for the Borough. The purpose of the study is to provide an up-to-date evidence base for employment policies and designations to inform the emerging new Local Plan covering the period between 2022 and 2037.

Scope of the Study

2.2 The purpose of this study is to provide evidence on the future growth potential of the Borough's economy to support development of the new Local Plan, focusing specifically on the latest job and broader economic growth projections as an indicator of future demand, and commercial property market signals.

2.3 It has been prepared in accordance with the latest Planning Practice Guidance (PPG)[2] and the associated, most recent methodology for determining future economic development needs. It includes consideration of economic development as defined by the latest National Planning Policy Framework (NPPF)[3] and the London Plan[4], with a primary focus on the typologies set out in the Business Use Classes as outlined below:

- **B2 general industrial:** typically comprising factory and manufacturing space.
- **B8 storage and distribution**: warehouses, wholesale and distribution.
- Under the Use Classes Order, "B1 uses" have changed as follows:
  - Former Class B1(a) to E(g)(i): office space;
  - Former Class B1(b) to E(g)(ii): research and development space; and
  - Former Class B1(c) to E(g)(iii): light industrial space.

2.4 References to 'employment space' refer to all E(g)/B class elements identified above.

2.5 An important consideration for any analysis of this type is that essentially it is a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of writing (December 2024). The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

2.6 It should also be noted that this employment evidence considers the 'indigenous' employment needs arising from economic and employment growth in RBG and it does not specifically take account of other strategic/inward investment needs or any other specific investment position that may arise from other areas or firms, other than to the extent that these have been accommodated historically and accordingly they are currently reflected in the trends which inform the various forecasts of the assessment.

[2] MHCLG (2020), PPG-Housing and Economic Needs Assessment
[3] MHCLG (December 2024), National Planning Policy Framework
[4] Mayor of London (2021), The London Plan

Structure of Report

2.7 The report is structured under the following sections:

- Economic Context and Trends (Section 3.0)
- Commercial Property Market Signals (Section 4.0)
- Future Employment Space Requirements (Section 5.0)
- Review of Employment Land (Section 6.0)
- Demand-Supply Balance (Section 7.0)
- Conclusions and Policy Considerations (Section 8.0)

3.0 Economic Context and Trends

Spatial Overview

3.1 RBG is located in Southeast London encompassing a stretch of the south bank of the River Thames from Deptford in the west to Thamesmead in the east. It is a large borough which extends south to its border with the London Borough of Bromley. It is also bordered by the London Boroughs of Lewisham and Bexley to the west and east respectively. The primary centres within RBG include Greenwich, Charlton, Plumstead, Woolwich, Thamesmead and Eltham.

3.2 RBG is relatively poorly connected to Central London by public transport, indicated by generally low PTAL ratings[5]. However, the Docklands Light Railway ('DLR') provides connections from Greenwich and Woolwich, while National Rail services provide direct rail links to Central London from most town centres. The introduction of the Elizabeth Line has significantly improved transport links, providing fast and direct links from Abbey Wood and Woolwich to Central London.

3.3 The A2 provides a strategic highway artery which runs from the east to the north west at the Blackwall Tunnel and connects RBG to London Borough of Tower Hamlets and Canary Wharf to the north of the river. Other key road connections include the A205 running north to south, the A210 and A207 which both run east to west, as well as the A206 which connects a number of town centres across the north of the borough. In addition, the new Silvertown Tunnel, linking Silvertown to the Greenwich Peninsula in east London, will help to reduce current congestion at the Blackwall Tunnel.

3.4 London City Airport is the closest airport and lies across the River Thames on the north bank within London Borough of Newham.

3.5 The majority of RBG's employment floorspace is located within the north of the borough, including key clusters at Greenwich Peninsula, around New Charlton and Plumstead. The south of the borough is largely residential and contains few employment sites.

3.6 RBG includes a number of London Plan Opportunity Areas which collectively have been identified to potentially support an additional 25,000 jobs[6]. This includes, Greenwich Peninsula (15,000 jobs), Thamesmead/Abbey Wood[7] (4,500), Woolwich (2,500) and Charlton Riverside (1,000). Around £1.3bn has been invested in regeneration in the Royal Borough over the past decade and the Council plans to attract a further £1.8bn into regeneration initiatives over the next ten years[8].

[5] Public Transport Accessibility Levels (TfL): Assessing transport connectivity in London
[6] Greenwich Borough of Greenwich (2024), Royal Borough of Greenwich Inclusive Economy Strategy.
[7] The Thamesmead/Abbey Wood Opportunity Area is a joint cross-boundary opportunity area shared between the Royal Borough of Greenwich and the London Borough of Bexley.
[8] Greenwich Borough of Greenwich (2024), Royal Borough of Greenwich Inclusive Economy Strategy.

Population and Labour Market

Population

3.7 In 2021, RBG had a resident population of around 289,000, an increase of 13.6% since 2011[9,10]. This growth was appreciably higher than the equivalent rate for London (7.7%) as a whole and the national average for England and Wales (6.3%). This reflects the impact of significant residential development delivered through regeneration schemes as well as the popularity of the area as a place to live.

3.8 The proportion of the working age population in RBG (i.e. those aged between 16 and 64) has also increased over the period between 2011 and 2021 from 68.0% to 69.1%. This increase stands in contrast to a decline in the proportion of the working age populations of London and England and Wales over the same period (from 69.0% to 68.8% and 64.6% to 62.9% respectively). In overall terms, the number of working age residents in RBG increased by around 26,500 people (equivalent to a 15.3% increase). This was over double the equivalent growth rate in London (7.4%) and over four times the growth rate in England and Wales over the same period (3.4%). This indicates a significant demographic trend which supports the need for RBG's strong residential function to be balanced by a commensurate increase in its role as an employment location.

3.9 Population projections produced by the Greater London Authority (GLA)[11] suggest that the high growth rate in the working age population in RBG will continue, increasing by 19.2% from 2021 to 2037. This growth rate is also appreciably higher than the London average of 8.9% over the same period.

3.10 Overall, the population of RBG is projected to increase by 52,670 from 2021 to the end of the Local Plan period in 2037, which is equivalent to an increase of 18.3%. This is also a significantly higher rate than the London average of 10.4%.

3.11 There is opportunity to harness the high growth rate in the working age population as a driver and source of economic growth. Through the Inclusive Economy and Community Wealth Building Strategies[12], the Council aims to encourage the creation of local jobs for residents in order to capture a reasonable degree of the economic benefits of a growing population within its boundaries and surrounding areas.

Employment

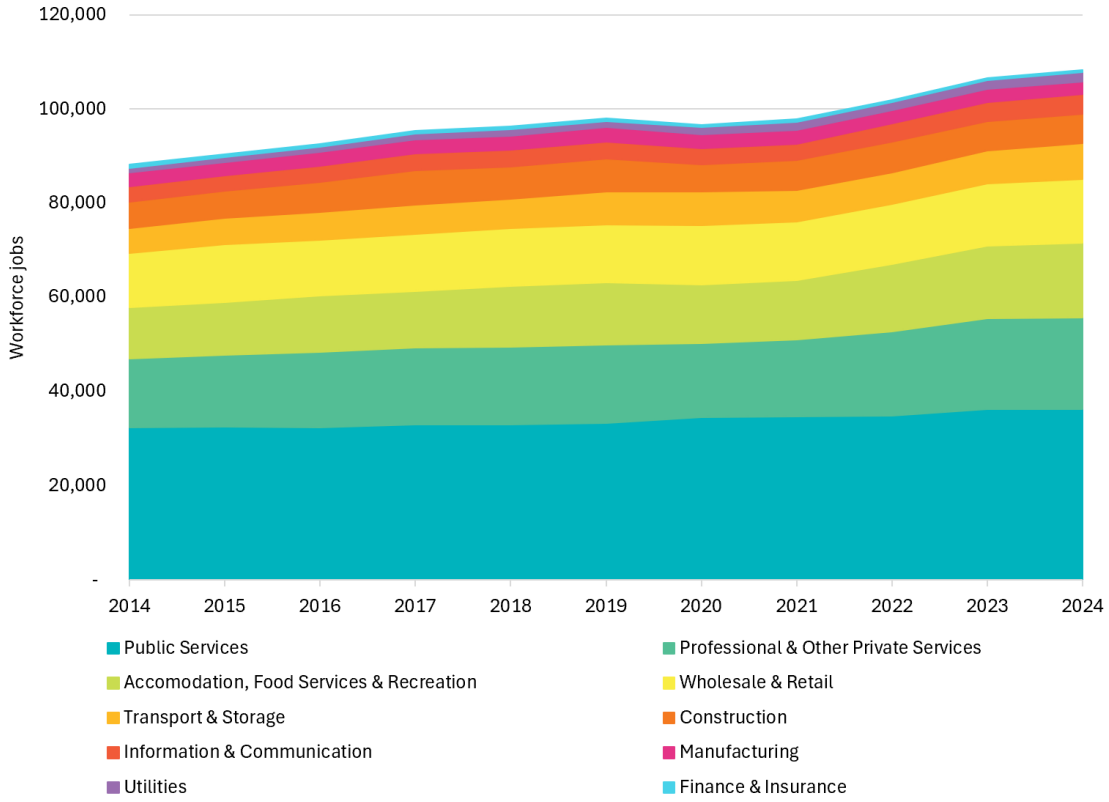
3.12 Data from Experian[13] shows that RBG accommodated 108,300 workforce jobs in 2024, representing an increase of 22.8% (or around 20,100 jobs) since 2014. Similar to population change, this growth rate is higher than the London average (20.8%) and substantially greater than the national average (9.6%) over the same period. This clearly highlights Greenwich as a location for growth and ongoing regeneration to facilitate change.

3.13 As shown in Figure 2.1, RBG's employment base demonstrated steady growth between 2014 and 2024. Workforce jobs RBG reached around 98,000 in 2019 before experiencing a

[9] Office for National Statistics ('ONS') (2021), Census 2021.
[10] ONS (2011), Census 2011.
[11] Greater London Authority ('GLA') (2020), GLA Demography: 2020 based Population Projections.
[12] Royal Borough of Greenwich (2022), Anchored in Greenwich - Community Wealth Building Strategy.
[13] Experian (2024), Employment by Sector.

decline during the Covid-19 pandemic, however, this has since recovered and has climbed above pre-pandemic level.

Figure 2.1 Workforce jobs in Greenwich by broad sector, 2014 to 2024

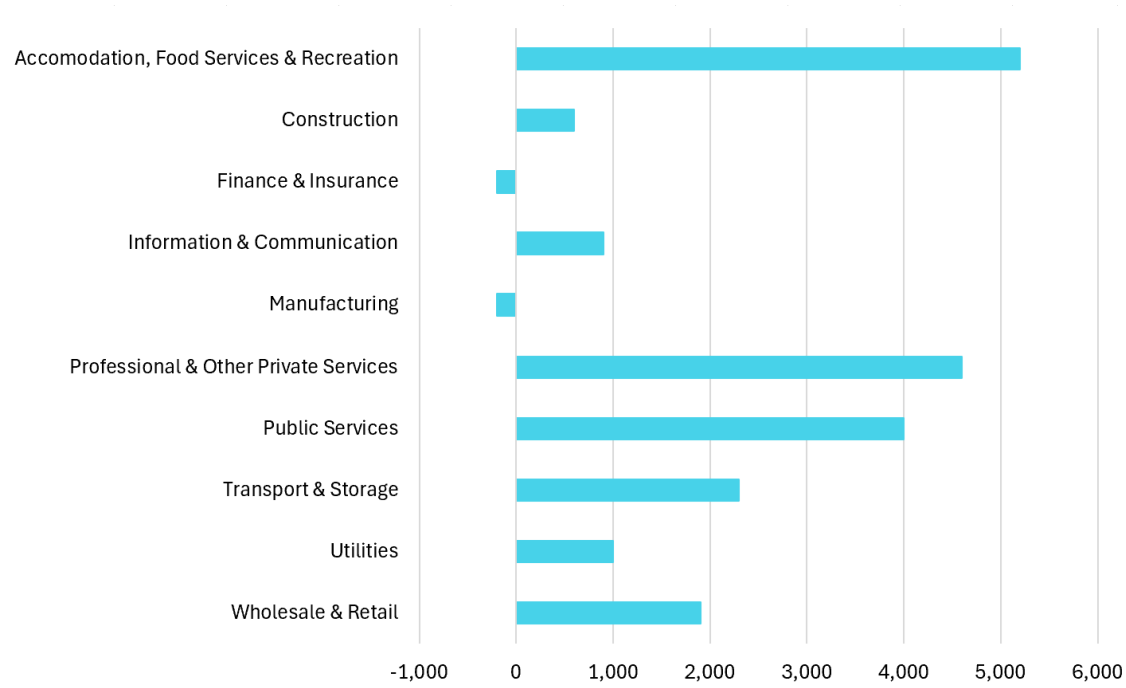


Source: Experian 2024 / Lichfields analysis

3.14 The single largest sector (as defined by the number of workforce jobs) in the Borough was public services (36,400 jobs), followed by professional and other private services (19,200 jobs) and accommodation, food services and recreation (16,000 jobs); together, these three sectors have consistently provided in the region of 65% of workforce jobs in the Royal Borough over the last decade. Of these, the accommodation, food services and recreation sector displayed the greatest proportional increase, with the workforce increasing by 48.1% over the period[14], indicating the strength of Royal Borough's growing tourism economy. Both the finance and insurance and manufacturing sectors experienced a decline over the assessed period (-28.6% and -6.9% respectively); this is shown in Figure 2.2. The decline in the manufacturing sector mirrors the general trend in the sector across Greater London and the UK nationally, while the decline in finance and insurance is likely due to displacement to other London Boroughs which have a high level of specialism in the sector, including the City of London and London Borough of Tower Hamlets.

[14] The utilities sector had the greatest growth rate of any sector in RBG of 100% between 2014 and 2024, however it still only accounts for a small proportion of the total workforce jobs within the Royal Borough (1.8%, equivalent to 2,000 jobs).

Figure 2.2 Change in workforce jobs by broad sector in Greenwich, 2014 to 2024



Source: Experian (2024) / Lichfields analysis

Creative Sector

3.15 Greenwich has an established and growing reputation as an attraction location for the dynamic and growing 'creative sector' which recently was identified by Government in its Industrial Strategy Green Paper as a priority sector for investment and growth[15].

3.16 The creative sector was originally defined by the Government[16] in 2001 as "*those industries which have their origin in individual creativity, skills and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property*". To allow the measurement of the creative sector, the Department for Digital, Culture, Media and Sport[17] (DCMS) in 2015 developed a statistical definition which reflects this definition, and which is outlined below:

- Advertising and marketing.
- Architecture.
- Crafts.
- Design: product, graphic and fashion design.
- Film, TV production, TV, video, radio and photography.
- IT, software, video games and computer services.

[15] Invest 2035 – The UK's Modern Industrial Strategy (Green Paper) – HM Government, October 2024.
[16] Department for Digital, Culture, Media and Sport (2001), Creative Industries Mapping Document. [Available at: https://www.gov.uk/government/publications/creative-industries-mapping-documents-2001].
[17] Department for Digital, Culture, Media and Sport (2015), Creative Industries Economic Estimates Methodology. [Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/499683/CIEE_Methodology.pdf].

- Publishing.
- Museums, galleries and libraries
- Music, performing and visual arts.

3.17 No doubt, the definition of the sector will be updated in due course. However, in the meantime, applying the relevant 4-digit Standard Industrial Classification (SIC) codes provided by DCMS (as shown in Table 2.1) to the latest 2022 data from the Business Register Employment Survey (BRES)[18] indicates that Greenwich has 4,480 jobs linked to the creative industries. This represents 5.0% of all jobs in Greenwich, which is in line with the national proportion for England and Wales (5.1%) but lower than the proportion for London (10.3%) which will be skewed by activities concentrated in Central London. The SIC-based definition is somewhat blunt for properly measuring the sector and is likely to under-estimate its significance in RBG. Nevertheless, an important issue for the Council to consider are the strong market signals that indicate the sector will continue to grow and diversify in places like Greenwich Peninsula, Charlton, Plumstead and Woolwich.

3.18 Notably, Greenwich has a higher proportion of jobs in architectural activities, museum activities, motion picture and projection activities, and performing arts compared to both London and England and Wales. All have strong growth prospects and associated property requirements, much of which demand is niche in nature.

Table 2.1 Employment in the Creative Sector in Greenwich (2022)

Creative Industries Groups	Creative Sub-Sectors	Greenwich		London		England and Wales	
		Num.	%	Num.	%	Num.	%
Advertising and marketing	7021: Public relations and communication activities	75	2%	17,000	3%	28,000	2%
	7311: Advertising agencies	100	2%	55,000	9%	113,000	8%
	7312: Media representation	40	1%	14,000	2%	22,000	2%
Architecture	7111: Architectural activities	500	11%	42,000	7%	90,000	6%
Crafts	3212: Manufacture of jewellery and related articles	10	0%	1,750	0%	4,500	0%
Design: product, graphic and fashion design	7410: Specialised design activities	175	4%	19,000	1%	13,000	1%
Film, TV, video, radio and photography	6010: Radio broadcasting	5	0%	8,000	5%	38,000	3%
	6020: Television programming and broadcasting activities	15	0%	28,000	13%	229,000	16%
	6201: Computer programming activities	600	13%	79,000	21%	378,000	27%
	6202: Computer consultancy activities	800	18%	125,000	2%	23,000	2%
	7420: Photographic activities	50	1%	5,000	0%	1,500	0%

[18] ONS (2022), Business Register Employment Survey

Creative Industries Groups	Creative Sub-Sectors	Greenwich		London		England and Wales	
		Num.	%	Num.	%	Num.	%
	5911: Motion picture, video and television programme production activities	150	3%	49,000	2%	21,000	1%
	5912: Motion picture, video and television programme post-production activities	50	1%	7,000	3%	33,000	2%
	5913: Motion picture, video and television programme distribution activities	10	0%	6,000	2%	21,000	1%
	5914: Motion picture projection activities	225	5%	4,500	0%	4,000	0%
	5821: Publishing of computer games	0	0%	2,000	1%	18,000	1%
	5829: Other software publishing	35	1%	8,000	3%	51,000	4%
Publishing	5811: Book publishing	10	0%	11,000	1%	16,000	1%
	5812: Publishing of directories and mailing lists	0	0%	300	0%	5,000	0%
	5813: Publishing of newspapers	5	0%	11,000	1%	27,000	2%
	5814: Publishing of journals and periodicals	25	1%	17,000	2%	26,000	2%
	5819: Other publishing activities	10	0%	9,000	8%	82,000	6%
	7430: Translation and interpretation activities	5	0%	1,750	1%	11,000	1%
Museums, galleries and libraries	9101: Library and archive activities	200	4%	6,000	1%	8,000	1%
	9102: Museum activities	600	13%	9,000	1%	20,000	1%
Music, performing and visual arts	5920: Sound recording and music publishing activities	30	1%	7,000	1%	12,000	1%
	8552: Cultural education	30	1%	2,500	0%	8,000	1%
	9001: Performing arts	250	6%	21,000	4%	42,000	3%
	9002: Support activities to performing arts	175	4%	6,000	1%	13,000	1%
	9003: Artistic creation	150	3%	12,000	2%	27,000	2%
	9004: Operation of arts facilities	150	3%	7,000	1%	19,000	1%
Total		**4,480**	**100%**	**590,800**	**100%**	**1,404,000**	**100%**

Source: BRES (2022)

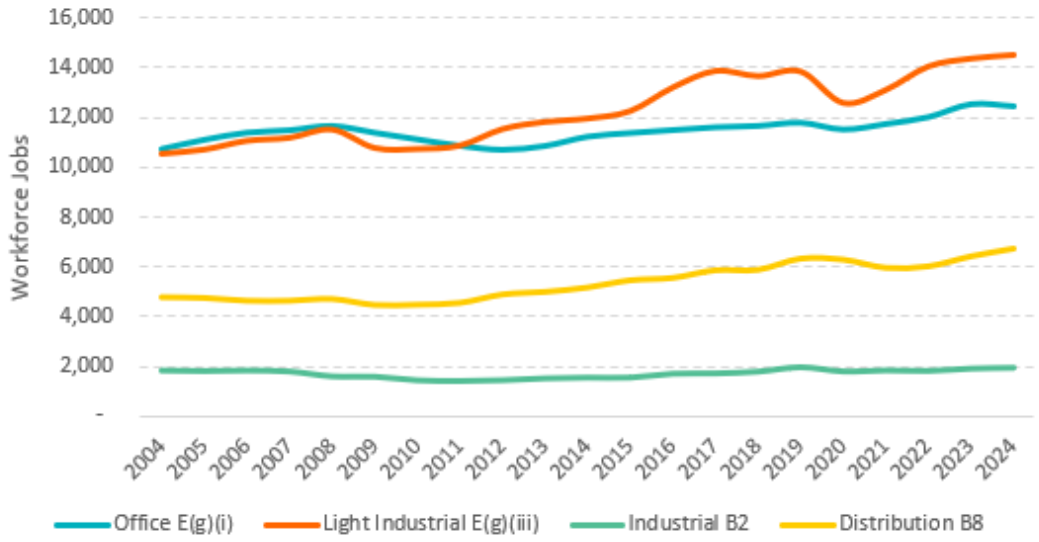
3.19 An analysis of the sector's growth over time shows that between 2015 and 2022, the number of jobs in Greenwich's creative industries increased by 28.9%, rising from 3,475 to 4,480 jobs. This growth rate surpasses both London's (27.1%) and England and Wales

(17.6%), again highlighting the strong expansion potential of the creative sector in the borough.

Jobs by Use Classes

3.20 In 2024, 13% of workforce jobs in RBG were provided in light industrial premises (use classes E(g)(iii)) with 12% being office-based (use classes E(g)(i) & (ii)). Meanwhile, 2% were based in industrial-based occupations (B2) and a further 6.0% were in storage and distribution-based occupations (use class B8)[19]. Over the period 2004-2024, the number of light industrial based jobs has increased by 38%, equivalent to a rise in 3,983 jobs. Similarly B8 distribution space over the last two decades has risen by 41% (+1,945 jobs), followed by a 16% rise in office based jobs (+1,752 jobs) and manufacturing seeing the lowest rise in jobs at 6% (+104 jobs) over the same period as shown in Figure 2.3.

Figure 2.3 Workforce jobs in Greenwich by land use, 2004 to 2024



Source: Experian (2024) / Lichfields analysis

3.21 The overall change in employment across RBG over the past decade is summarised in Table 2.2.

Table 2.2 Summary of workforce jobs in Greenwich by land use, 2014 to 2024

	2014	2024	Change	
			Total	%
Office E(g)(i)/(ii)	11,227	12,474	+1,246	11%
Light Industrial E(g)(iii)	11,955	14,517	+2,562	21%
Industrial B2	1,541	1,921	+380	25%
Distribution B8	5,155	6,710	+1,556	30%
Other	57,722	71,978	+14,256	25%
Employment Jobs	**29,878**	**35,622**	**+5,744**	**19%**

[19] Experian (2024), Employment by Sector.

	2014	2024	Change	
			Total	%
Total workforce jobs	**87,600**	**107,600**	**+20,000**	**23%**

Source: Experian (2024) / Lichfields analysis. Totals may not sum due to rounding

Workforce Productivity

3.22 The productivity of the workforce in RBG can be measured using Gross Value Added (GVA) generated per job[20]. This indicator suggests that in 2024 average workforce productivity across the Royal Borough was £50,145 per job – notably lower than the London average of £74,428 per job and slightly below the national average for the UK of £55,545 per job. This is shown in Table 2.3 overleaf. This is likely a reflection of the high prevalence of lower value sectors within the RBG economy, such as public services, accommodation, food services and recreation, as well as wholesale and retail, as shown in Figure 2.1. It also reflects the concentration of substantially higher value activity in Central and West London which skews the Greater London average. RBG's Inclusive Economy Strategy clearly highlights plans and aspirations to diversifying the economy and attracting higher value sectors.

3.23 RBG recorded a decline in workforce productivity over the five-year period 2019-2024, falling from £59,300 per job to £50,145 per job – a contraction of 15.4%. This decline was greater than the comparative decline experienced across London as a whole (5.6%) and the UK (1.0%). It should be noted that this period was impacted by the Covid-19 pandemic, with the data indicating that RBG was disproportionally affected by the Pandemic compared to London as a whole. This mirrors the pattern across other Boroughs outside of London's Central Activity Zone ('CAZ') which is most likely driven by these boroughs having a lower prevalence of higher value sectors, such as finance and insurance or information and communication.

Table 2.3 Change in workforce productivity, 2019 to 2024

	Total GVA (£ bn)		GVA per workforce job		
	2019	2024	2019	2024	Change (%)
Greenwich	£5.8	£5.4	£59,300	£50,145	-15.4%
London	£475.8	£495.2	£78,867	£74,428	-5.6%
UK	£1,995.7	£2,037.7	£56,106	£55,545	-1.0%

Source: Experian (2024) / Lichfields analysis

Labour Market

3.24 Table 2.4 presents key labour market characteristics for RBG, London and comparator areas. It demonstrates that the labour market in RBG is characterised by a comparatively high economic activity rate (64.5%) amongst the working age population (those aged 16 to 64) compared to 63.5% in London and 58.3 across England and Wales. However, a higher share of working age residents also claims out-of-work benefits (5.4%) compared to the averages for London (5.2%) and England and Wales (4.0%).

[20] Experian (2024) Gross Value Added by Sector.

Table 2.4 Key labour market indicators

Indicator		Greenwich	London	England and Wales
Economic activity rate (2021)		64.5%	63.5%	58.3%
Claimants as a proportion of residents aged 15 to 64 (2024)		5.4%	5.2%	4.0%
Residents' highest level of qualification (2021)	NVQ Level 4+	45.7%	46.7%	33.8%
	NVQ Level 3+	13.1%	13.2%	13.4%
	NVQ Level 2+	10.3%	10.0%	13.4%
	No qualifications	16.7%	16.2%	18.2%
Residents' occupations (2023)	SOC 1-3	57.6%	63.2%	53.0%
	SOC 4-6	21.5%	21.4%	26.0%
	SOC 7-9	20.6%	15.3%	20.7%
Median gross weekly earnings	Resident	£805.20	£796.30	£681.50
	Workplace	£695.10	£838.90	£681.50

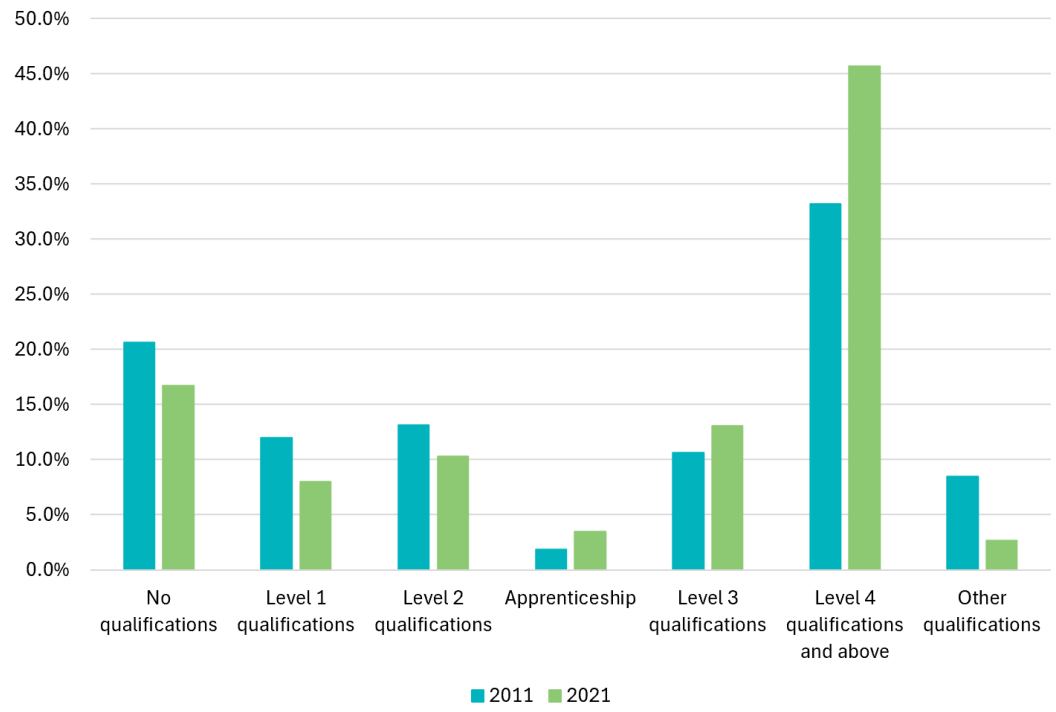
Source: ONS / Lichfields analysis

3.25 The proportion of residents with qualifications equivalent to degree level (NVQ Level 4) or higher (45.7%) is greater than the national average (33.8%) but slightly below the regional average for London (46.7)[21]. The proportion of residents working in occupations in higher-skilled Standard Occupational Classification ('SOC') groups 1 to 3, comprising managerial, professional and associate or technical occupations, is 57.6%[22]. This is also higher than the national average for England and Wales (53.0%) but below the average for London (63.2%).

3.26 The proportion of RBG residents with qualifications at NVQ Level 3 and higher markedly improved in the decade between 2011 and 2021 from 43.9% to 58.8%. Correspondingly, the proportion of residents with no qualifications fell from 20.6% to 16.7% over the same period. This is shown in Figure 2.4.

[21] ONS (2021), Census 2021: TS067 - Highest level of qualification.
[22] ONS (2024), Annual Population Survey, January to December 2023.

Figure 2.4 Change in qualification levels in RBG, 2011 to 2021

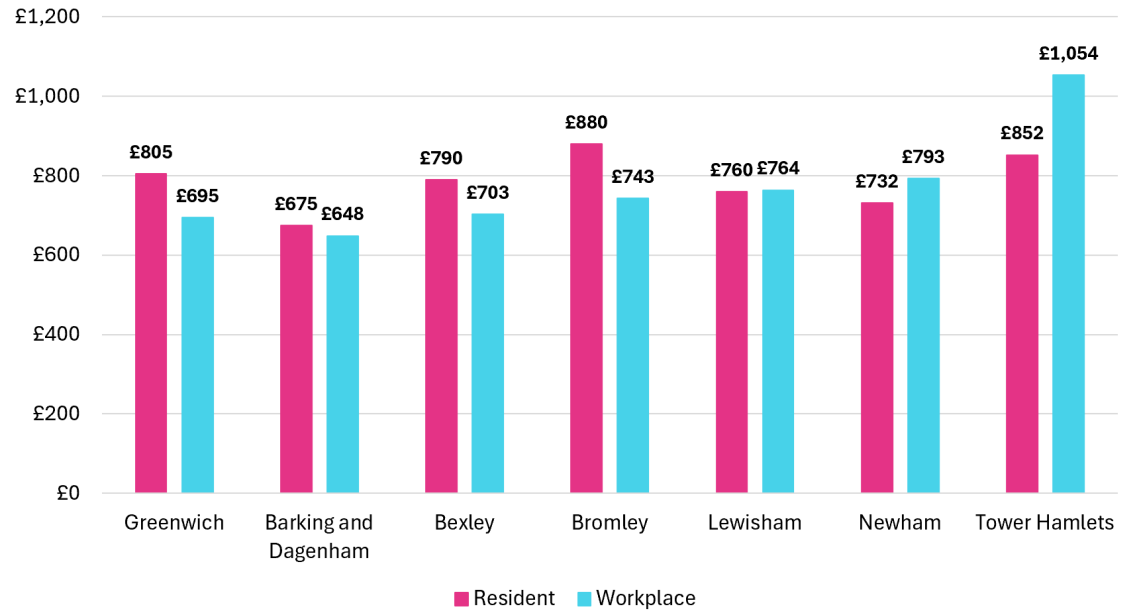


Source: ONS (2011, 2021) / Lichfields analysis

3.27 Earning levels for residents of RBG mirrors the relatively high proportion of residents with higher-level qualifications and occupying higher-skilled jobs. Resident median gross weekly earnings in RBG in 2023 were £805.20, compared to London (£796.30) and England and Wales (£681.50)[23]. However, workplace median gross weekly earnings in RBG in 2023 were comparatively lower at £695.10 when compared to London (£838.90), but above the national average of £681.50. This indicates that residents of RBG commute outside of the Royal Borough to access higher paid jobs (largely Central London). As shown in Figure 2.5, median gross weekly resident earnings within RBG were above average when compared to neighbouring boroughs, with higher earnings only recorded in Bromley and Tower Hamlets. However, workplace earnings within RBG were amongst the lowest out of neighbouring Boroughs, with only Barking and Dagenham recording a lower median for gross weekly earnings. This is noted within the Council's Community Wealth Building Strategy (2024), which seeks to influence how prosperity is generated and retained within RBG. It sets the ambition of ensuring more wealth is generated by locally rooted businesses, and that citizens can benefit from the increased opportunities that this creates.

[23] ONS (2023), Annual Survey of Hours and Earnings.

Figure 2.5 Median gross weekly earnings by local authority in neighbouring London Boroughs, 2023



Source: ONS (2023) / Lichfields analysis

Business Base

3.28 As shown in Table 2.5, the distribution of businesses by size in RBG indicates that the majority of businesses are of a 'micro' scale with fewer than 10 workers (9,165 firms, or 93.5%), while just 30 businesses in the Royal Borough employ more than 250 workers[24]. Overall, there is a higher proportion of micro businesses thus less large and medium sized businesses compared to London and England and Wales.

3.29 To help harness the power of local businesses, RBG Council have established the 'Anchored in Greenwich' partnership with 11 other businesses who are major employers within the local economy or are cooperatives or community interest organisations. The Partnership aims to support the ambitions of the Council's Inclusive Economy Strategy by sharing resources and channelling spending power to encourage fair and equal local economic development.

3.30 In 2023, RBG had a lower rate of business births per 10,000 working age population (81.7) than the averages for London (140.8) and England and Wales (90.2). The Royal Borough also had a lower proportion of economically active, working age residents who were self-employed (16.8%) compared to the London average (19.2%), but a higher proportion compared to the national average (16.2%).

[24] ONS (2023), UK Business Counts.

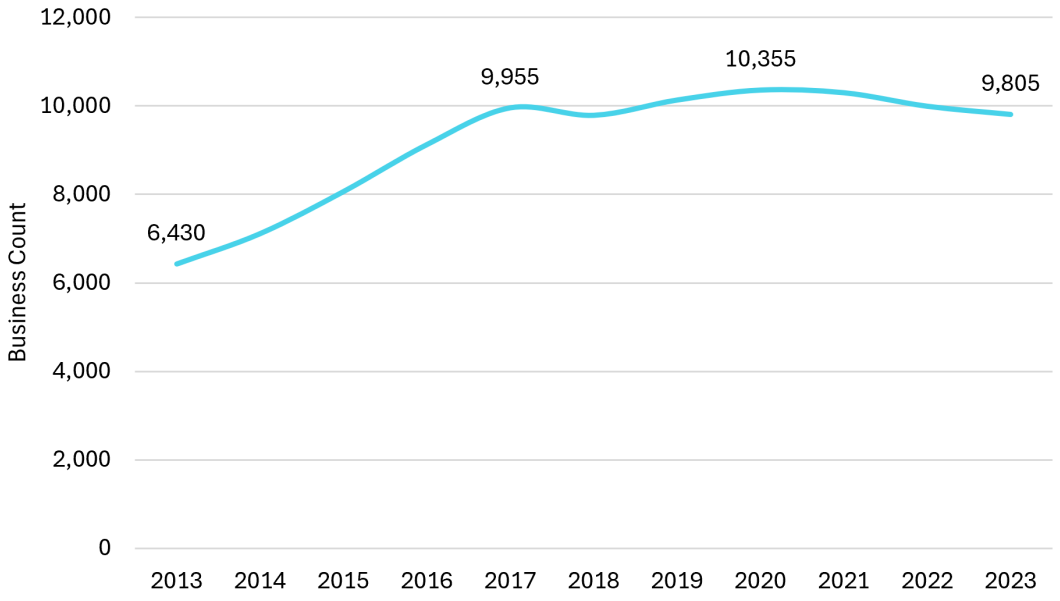
Table 2.5 Key business characteristics for RBG and comparative geographies

Indicator		Greenwich	London	England and Wales
Number of enterprises (2023)		9,805	525,855	2,477,310
Business size by number of employees (2023)	Micro (0 to 9)	93.5%	90.2%	89.2%
	Small (10 to 49)	5.4%	7.8%	8.9%
	Medium (50 to 249)	0.8%	1.6%	1.6%
	Large (over 250)	0.3%	0.4%	0.4%
Business births per 10,000 working age population (2021)		81.7	140.8	90.2
Self-employed workers as a proportion of economically active population (2021)		16.8%	19.2%	16.2%

Source: ONS / Lichfields

3.31 There were 9,805 recorded enterprises in RBG in 2023, representing an increase of 52.5% from 2013. As shown in Figure 2.6, the Royal Borough's business base experienced strong growth between 2013 and 2017. However, the number of enterprises declined in 2018 before reaching a peak of 10,355 in 2020. Since this peak, the number of enterprises has declined slightly by 5.3%, most likely due to the wider economic instability caused by the Covid-19 pandemic, Brexit and the cost-of-living crisis.

Figure 2.6 RBG enterprise count, 2013 to 2023



Source: ONS (2023) / Lichfields analysis

3.32 Of the enterprise births in the Borough in 2017, 39.2% survived (i.e. were still operating) after five years, which was in line with the average for London (also 39.2%) and the national average of 39.4%.

Commuting Flows

3.33 Commuting patterns to and from RBG can be analysed using origin-destination data from both the 2011 and 2021 Census. Table 2.6 and Figure 2.7 and Figure 2.8 summarise several key commuting indicators for the Royal Borough.

3.34 Data collection for the 2021 Census was undertaken during the Covid-19 pandemic when many travel restrictions remained in place on collection day. As a result, the commuting patterns identified within the 2021 Census vary greatly from the previous 2011 Census. This includes the number of people who said they work from home in RBG increasing substantially from around 9,700 people in 2011 to 77,600 in 2021, and out-commuting from RBG falling by around 36%. Therefore, for the purposes of this study, commuting data from the 2011 Census has been used due to the unreliability of the local area 2021 results (although the latter is also presented for information purposes).

3.35 In 2011, around 47,281 of the 94,800 working residents of RBG also worked within the borough (including those working from home), resulting in a self-containment rate of 40.0%. A total of around 39,600 people commuted into RBG for work, the majority of which were from neighbouring Bexley (10,807), Lewisham (5,360), or Bromley (3,023). At the same time, 70,900 residents of RBG commuted outside of the Royal Borough. However, the majority of these out-commuters travelled to Westminster and the City of London (17,009) and 6,884 to Tower Hamlets (including Canary Wharf). On this basis, RBG is s a net exporter of labour, with a net out-flow of 31,268 workers at the time of the 2011 Census. RBG Council's Inclusive Economy Strategy seeks to respond to this challenge by seeking to grow the number of local residents employed by local businesses and ensure that the benefits of economic output can be more equally distributed within RBG.

Table 2.6 Commuting data for Greenwich (2011 and 2021)

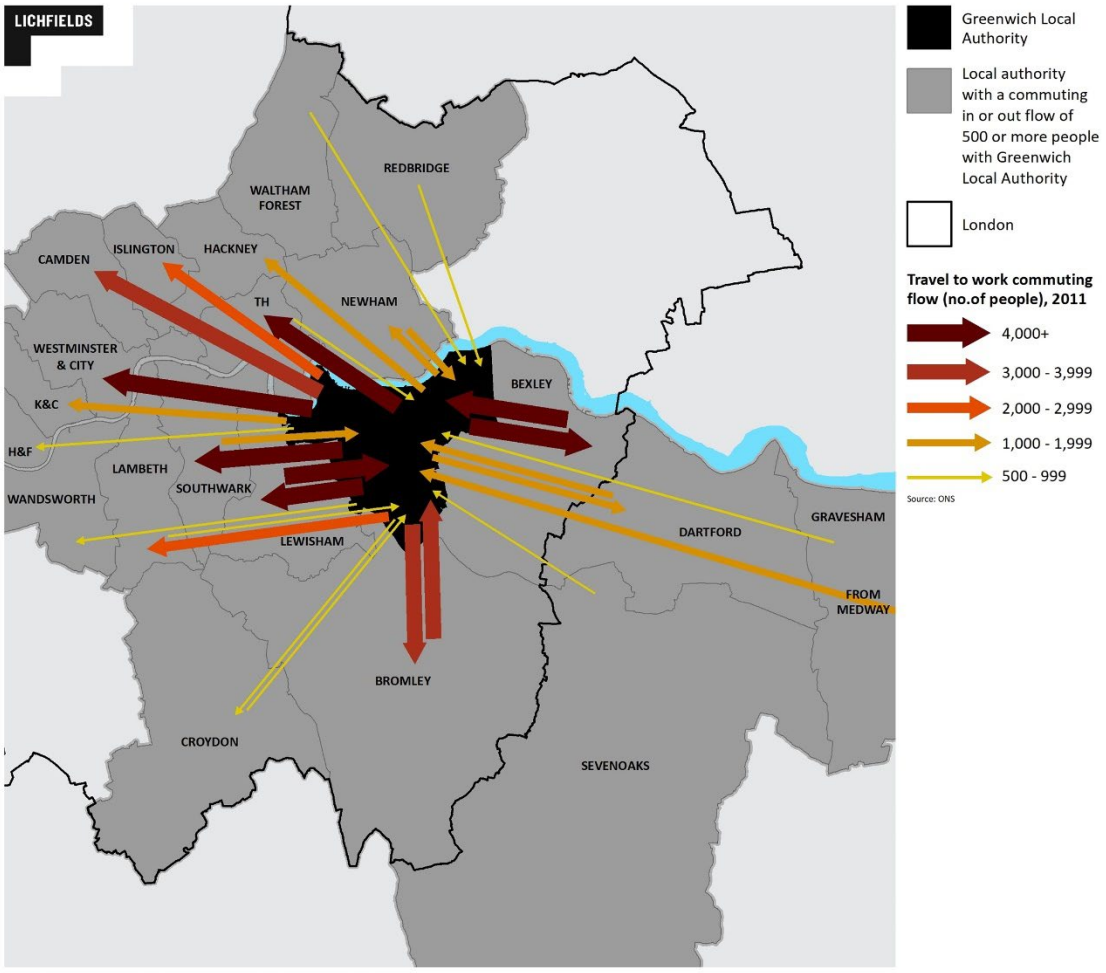
Indicator	Greenwich – 2011 Census	Greenwich – 2021 Census
Total working residents† (number of people living in RBG that are in work, regardless of where they work)	118,330	142,937
Total workplace workers* (number of people working in jobs based in RBG)	86,913	128,562
Live and work in authority*	47,281	97,295
Number of people who work from home all of / most of the time	9,731	77,600
Resident self-containment rate*	40.0%	68.1%
In-commuting workers¥	39,632	31,267
Top in-commuting destinations	Bexley (10,807), Lewisham (5,360), Bromley (3,023)	Bexley (8,433), Lewisham (4061), Bromley (2,168)
Out-commuting workers	70,900	45,642

Indicator	Greenwich – 2011 Census	Greenwich – 2021 Census
Top out-commuting destinations	Westminster (including City of London) (17,009), Tower Hamlets (6,884), Bexley (5,816), Lewisham (5,771)	Bexley (6,077), Westminster (excluding City of London)[25] (4,563), Lewisham (4,357)
Net out-flow of workers	-31,268	-14,375

Source: ONS (2011), Census 2011 / ONS (2021), Census 2021 / Lichfields analysis

† Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).
* Includes RBG residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).
¥ Includes RBG residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce).

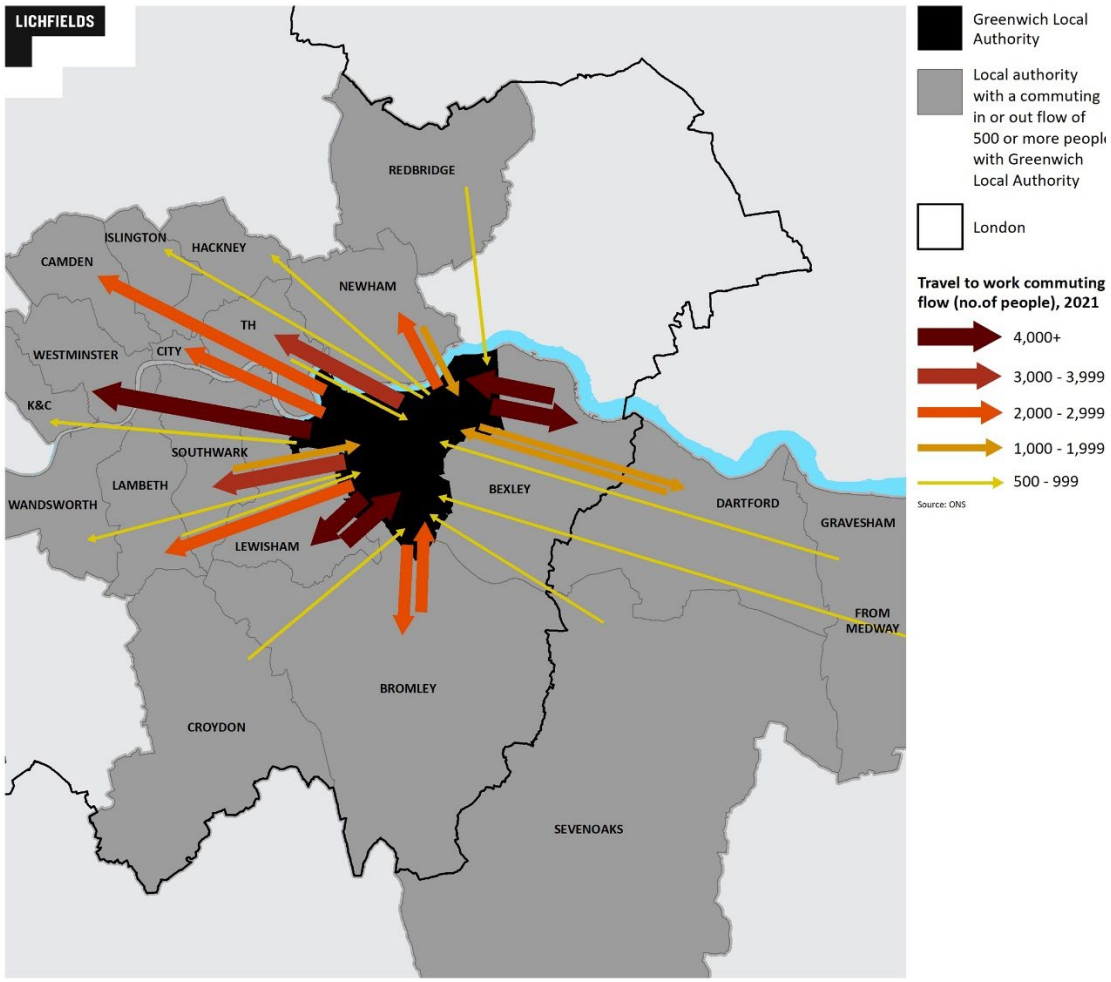
Figure 2.7 Travel to work flow for Greenwich, 2011



Source: ONS 2011 / Lichfields analysis

[25] ONS Census 2021 Origin Destination data indicates that 2,376 people commuted from RBG to the City of London in 2021.

Figure 2.8 Travel to work flow for Greenwich, 2021



Source: ONS 2021 / Lichfields analysis

3.36 Since the 2011 Census, commuting trends have shifted with commuting trips falling from 148 trips per person per year in 2011 to 119 in 2022, reflecting the fact that more people are choosing to work from home or 'hybrid-work' between their home and place of work[26]. Furthermore, the introduction of improved transport links to RBG, including the Elizabeth Line to Woolwich and Abbey Wood, is likely to have altered spatial commuting patterns within the Royal Borough. While the improved accessibility may have increased the attractiveness of the Royal Borough as a place to work, it is likely also have improved its attractiveness as a residential location with good access to Central London and Canary Wharf. Consequently, Census data should be treated as out-of-date or inconclusive regarding today's travel to work patterns.

[26] Department for Transport (2023), National Travel Survey.

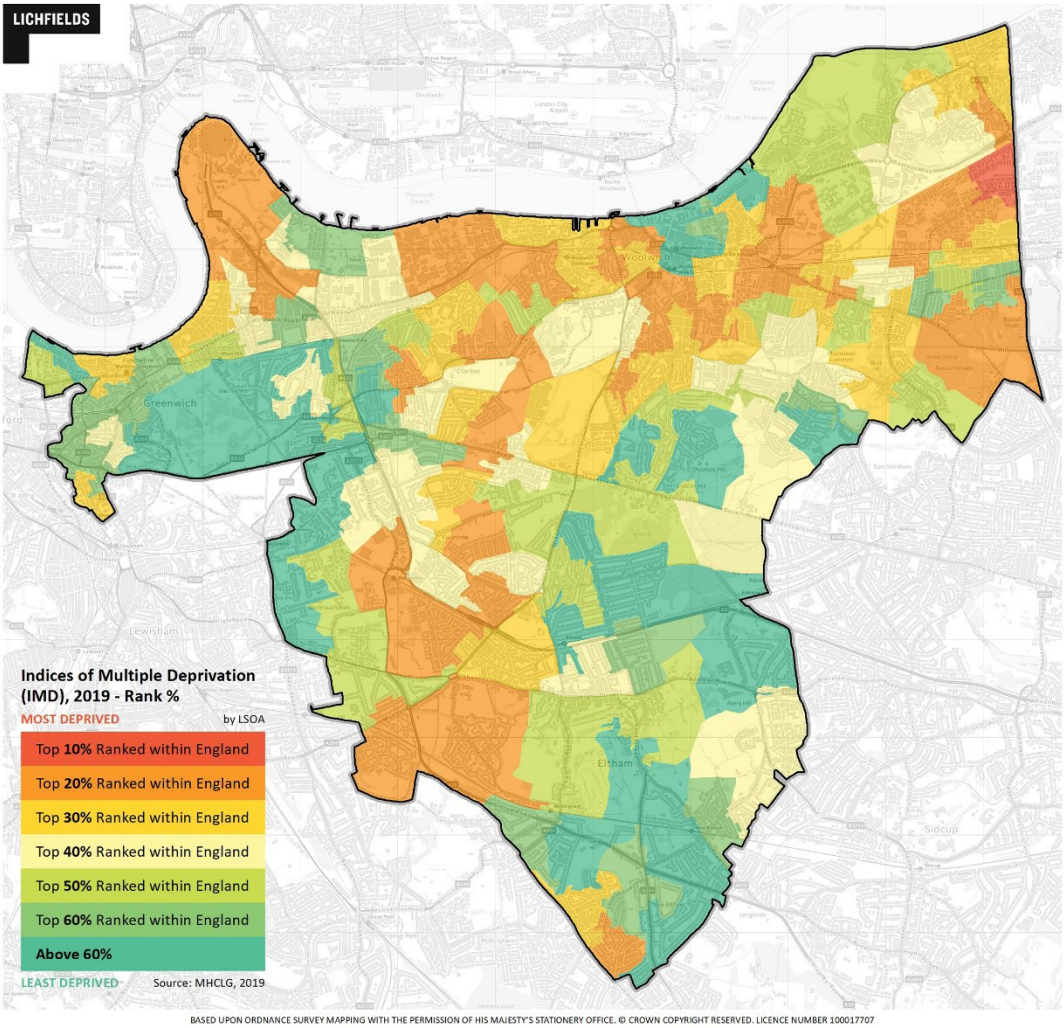
Socio-Economic Deprivation

3.37 The Indices of Multiple Deprivation[27] ('IMD') provide a set of relative measures of deprivation for local authorities and Lower-Layer Super Output Areas ('LSOAs') across England. In 2019, RBG was ranked as the 60th most deprived out of 317 local authority areas across England and the 13th most deprived London Borough (out of 33). This is a slight improvement on the Royal Borough's rank in 2015, when it was the 50th most deprived out of 326 local authority areas.

3.38 In 2019, 45.0% of LSOAs within RBG fell within the top 30% most deprived across England in terms of overall deprivation, with 1 LSOA falling within the most deprived decile nationally. Conversely, a further 7.8% of LSOAs were ranked within the 30% least deprived areas in England. This indicates that RBG suffers from high levels of deprivation, but that there is also heterogeneity in socio-economic outcomes across the Royal Borough, as illustrated in Figure 2.9.

[27] Ministry of Housing, Communities and Local Government ('MHCLG') (2019), English indices of deprivation 2019.

Figure 2.9 Multiple deprivation in RBG, 2019



Source: MHCLG (2019) / Lichfields analysis

3.39 Within most domains of deprivation, RBG is relatively more deprived. It is ranked as being particularly deprived in the barriers to housing, crime, and income, domains. Within the barriers to housing and crime domain, 35 and 12 LSOAs in RBG are ranked within the most deprived decile nationally respectively. It should be noted that deprivation within the barriers to housing domain is more prevalent across London Boroughs generally due to the comparatively high cost of housing. Conversely, RBG performs relatively well in the education domain and is ranked as the 124th least deprived local authority nationally.

Summary

3.40 Based upon the analysis provided in this section, the key findings are summarised in SWOT assessment (as set out Table 2.7).

Table 2.7 Royal Borough of Greenwich economic characteristic summary – SWOT analysis

Strengths	• Strong population growth, particularly amongst working age residents, relative to London and UK averages. • Strong employment growth compared to the rest of London, including growth across most sectors. • Higher economic activity rate compared to the regional and national averages. • Relatively highly skilled workforce compared to the national average. • High proportion of micro and small sized businesses compared to the regional and national average indicating an economy which fosters start-ups.
Weaknesses	• A high proportion of employment and GVA generated within lower value sectors. • A low level of productivity as measured by GVA per job when compared to London and the national average. • Productivity as measured by GVA per job has declined appreciably when compared to the regional and national average since the Covid-19 pandemic. • Greenwich is a net exporter of labour with fewer in-commuters than out-commuters. • High levels of relative deprivation, especially within the access to housing and income domains. • A higher proportion of economically active residents claiming out-of-work benefits compared to the regional average.
Opportunities	• Improved connectivity from the introduction of the Elizabeth Line, and potential further connectivity improvements from the construction of the Silvertown Tunnel. • The educational attainment within the population has increased over the past ten years with a higher proportion of the population now holding a degree level qualification. • Particularly strong employment growth within the accommodation, food services and recreation sector indicating the strength of the tourism economy. • A number of London Plan Opportunity Areas located within RBG which collectively could support an additional 25,000 jobs. • Significant investment earmarked for local regeneration projects over the next decade. • A competitive and attraction location for clusters of creative industries – one of the Government's priority sector for growth and investment.
Threats	• Relatively poor transport connections to central London, particularly from the south of the Royal Borough. • Low wages locally compared to surrounding areas. • High prevalence of the public sector within the local employment base. • Uncertain economic environment and high interest rates may impact future investment levels.

4.0 Commercial Property Market Review

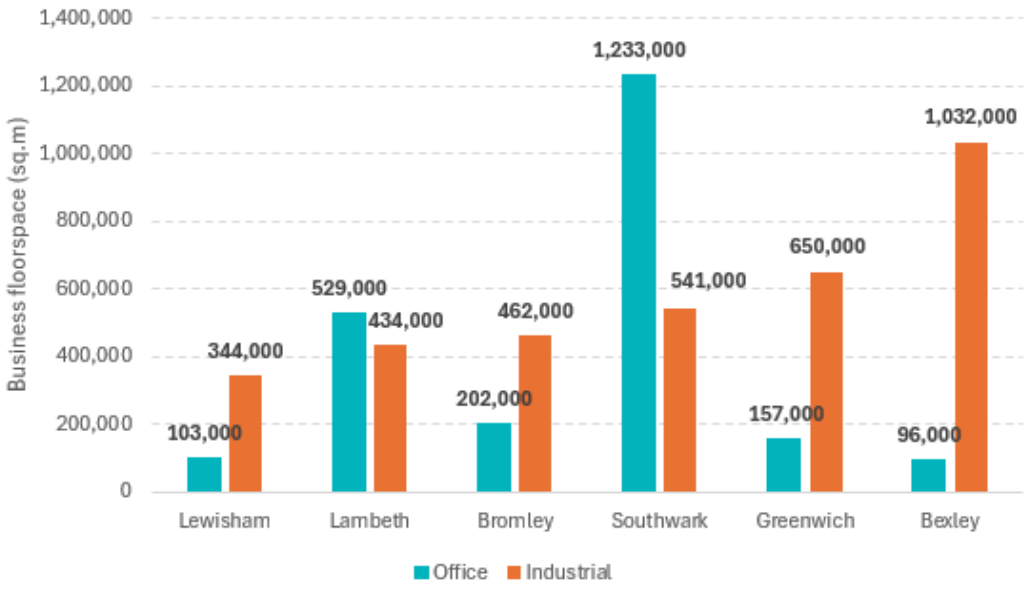
4.1 This section provides an overview of the existing stock of employment space in RBG, as well as recent trends and changes regarding the use and performance of relevant premises. It then provides an overview of the local commercial property market, including recent trends in demand and supply. The analysis draws on data from the following sources:

- Latest commercial floorspace from Valuation Office Agency (VOA).
- Monitoring data on commercial floorspace from RBG.
- CoStar property market data.
- Feedback from local property agents and other property organisations.

Stock of Employment Space

4.2 RBG contains around 157,000 sq.m of office and 650,000 sq.m of industrial floorspace according to VOA data (2023). In comparison to other neighbouring south London Boroughs, Greenwich has the second largest stock of industrial space after Bexley with 1.0 million sq.m of industrial floorspace. Meanwhile, Southwark has significantly more office space with 1.2 million sq.m given its relationship with and proximity to Central London.

Figure 3.1 Existing Office and Industrial Floorspace in RBG and neighbouring Southern Boroughs, 2023

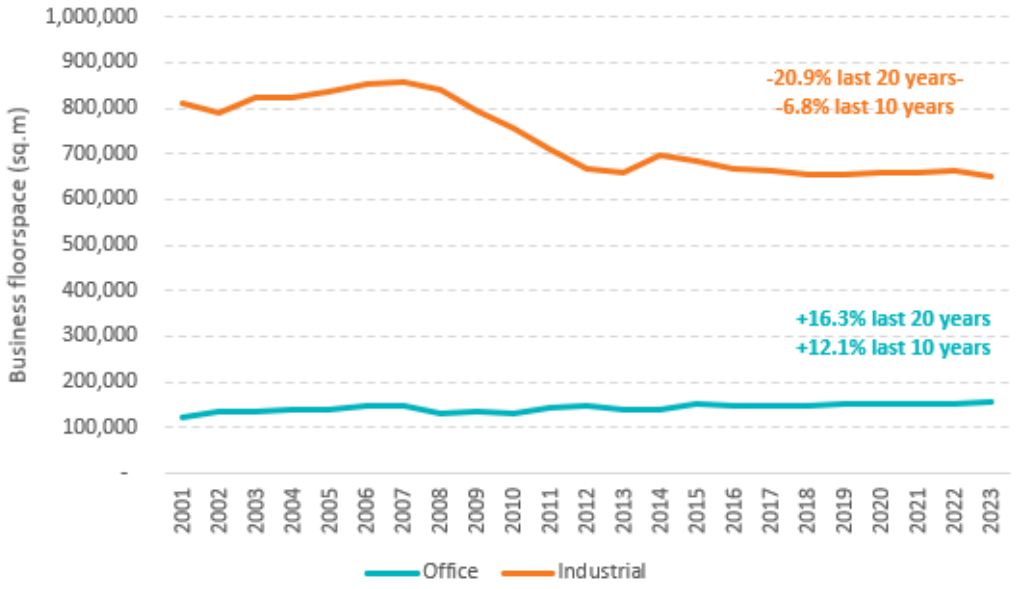


Source: VOA (2023)

4.3 The stock of office floorspace has increased by 16.3% over the last 20 years (since 2004), equivalent to a net gain of 22,000 sq.m (Figure 3.2). On the other hand, industrial floorspace in RBG has been declining over the same period by 20.9%, equivalent to a loss of 172,000 sq.m of industrial and distribution space. Much of the land previously occupied by industrial premises and been located in regeneration areas where residential-led, mixed-use schemes have been delivered. Over the last 10 years (2014 to 2023), there has been a

gain of 17,000 sq.m in office (+12.1%) but a loss in industrial floorspace by 45,000 sq.m (-6.8%).

Figure 3.2 Change in Office and Industrial Space in RBG, 2001/02 to 2023/24



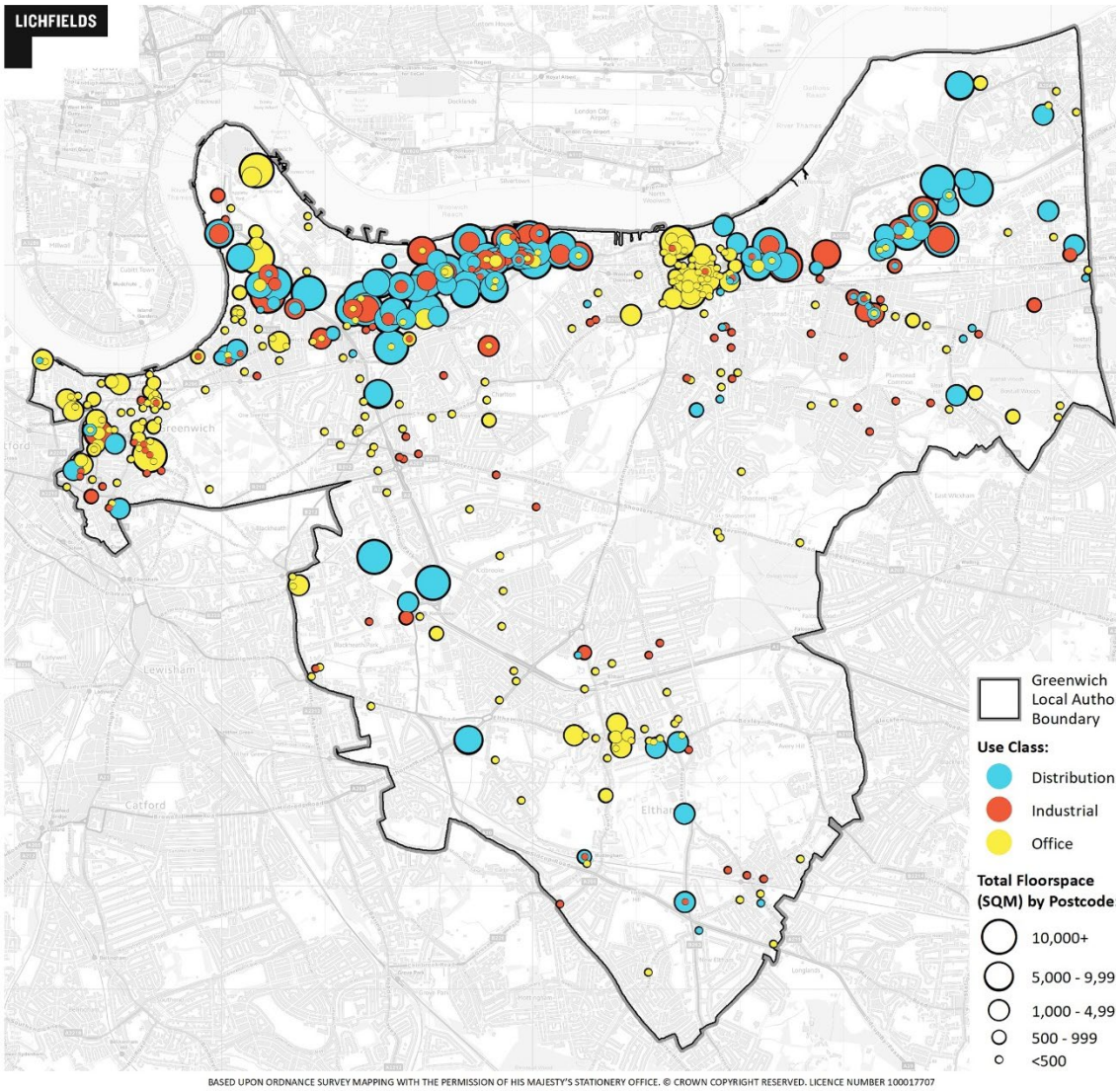
Source: VOA (2023)

Spatial Distribution of Employment Space

4.4 Figure 3.3 illustrates that the primary office space clusters are generally located in the northern sections of RBG, specifically around Greenwich town centre, Greenwich Peninsula, and Woolwich town centre. In the southern stretches, the main office space cluster is concentrated around Eltham town centre.

4.5 Meanwhile, industrial and distribution floorspace is predominantly concentrated around Charlton Riverside, Plumstead, Thamesmead, and Woolwich. This follows a similar spatial distribution to office floorspace, with a higher concentration of employment spaces in the north of the borough with scattered business spaces in the south, mainly along the main road arteries.

Figure 3.3 Office, Industrial and Distribution Floorspace in RBG by Size



Source: VOA Survey (2022 Update)/ Lichfields analysis

4.6 A review of the spatial distribution of floorspace as identified in the adopted RBG Local Plan highlights that the majority of office floorspace is concentrated in Woolwich with over a third (34.7%) of the office floorspace, followed by Greenwich Peninsula and Greenwich Riverside. As highlighted above Etham and the south of the Royal Borough make a small contribution in office floorspace of around 7.2%. Meanwhile, as highlighted in Table 3.1, Charlton holds the majority of industrial floorspace, followed by Greenwich Peninsula and Thamesmead. Whilst more than half of the distribution floorspace in the Royal Borough is located in Charlton (59.2%) followed by Thamesmead.

Table 3.1 Proportion of Employment floorspace by spatial region in RBG

Spatial Region	Office E(g)(i)/(ii)		Light Industrial E(g)(iii)/ Industrial B2		Distribution B8	
	(sq.m)	(%)	(sq.m)	(%)	(sq.m)	(%)
Abbey Wood	2,280	1.1%	6,843	3.0%	7,700	1.1%
Charlton	9,634	4.6%	71,590	31.3%	425,070	59.2%
Eltham & South of the Borough	14,871	7.2%	2,731	1.2%	31,386	4.4%
Greenwich Peninsula	53,267	25.8%	58,729	25.6%	67,300	9.4%
Greenwich Riverside	50,047	24.2%	12,659	5.5%	28,144	3.9%
Plumstead	1,702	0.8%	5,776	2.5%	4,157	0.6%
Thamesmead	3,593	1.6%	50,327	22.0%	105,877	14.8%
Woolwich	71,848	34.7%	20,385	8.9%	47,898	6.7%
Total	**207,240**	**100%**	**229,040**	**100%**	**717,530**	**100%**

Source: VOA Survey (2022 Update)/Lichfields analysis (Totals rounded)

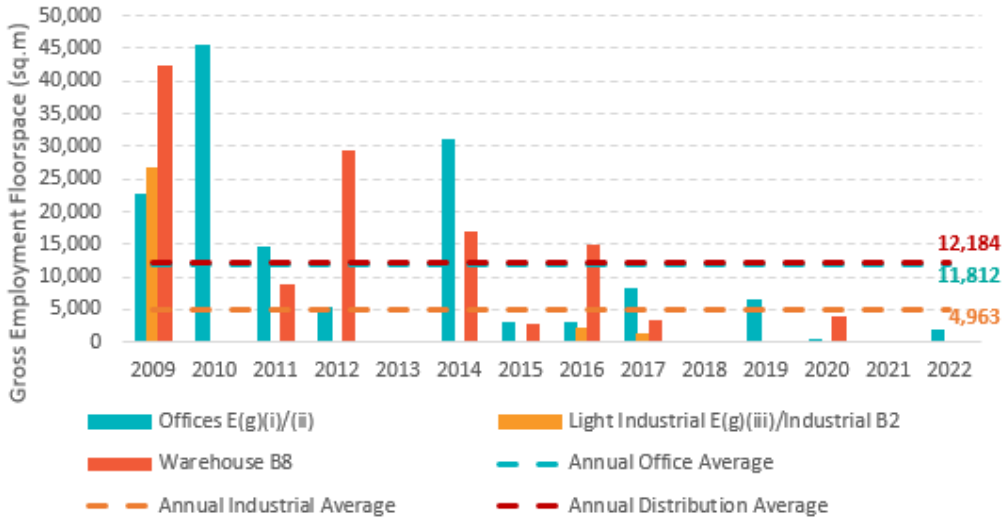
Historical Development Rates

Gross Completions

4.7 The gross amount of floorspace developed for employment uses in RBG during the period 2009 to 2022 is shown in Figure 3.4. This is based on analysis of London Development Database (LDD) data for RBG for the period of 2009 to 2019. The Council has also provided their latest monitoring data from 2019/20 to 2022/23 which has also been included. The data presented refers to completed schemes solely. Extant permissions are analysed as part of the emerging supply position (see Section 7.0).

4.8 This shows that around 293,400 sq.m of gross employment space was developed across RBG over the 14-year period equivalent to an average of 21,000 sq.m per annum. A total of 141,745 sq.m of this new employment floorspace was developed for office (including R&D) uses, equivalent to 48%. A total of 121,800 sq.m (42%) was developed for distribution uses and 29,700 sq.m for industrial (including light industrial uses).

Figure 3.4 Gross Completions in RBG 2009-2022



Source: Greenwich Monitoring Data (2023)/ GLA, The London Development Database (2020)/Lichfields analysis

4.9 The level of new development within RBG was relatively uneven during this period, with 2009, 2010, 2012 and 2014 reporting years standing out with significant levels of gross employment development.

4.10 A total of 22,520 sq.m of employment floorspace was completed in 2009, compared to the long-term annual average of 21,000 sq.m per annum. The figures were driven mainly by the development of two office buildings in Greenwich Peninsula (Plot No2) and the completion of an industrial business park at Land at White Hart Triangle.

4.11 Meanwhile, the periods between 2019 and 2022 have seen limited completions of employment floorspace. When taking a ten-year annual average of completions (2013-2022) this reflects a completion average of 9,800 sq.m, significantly lower than the 21,000 sq.m per annum over the 14-year period.

Losses of Employment Space

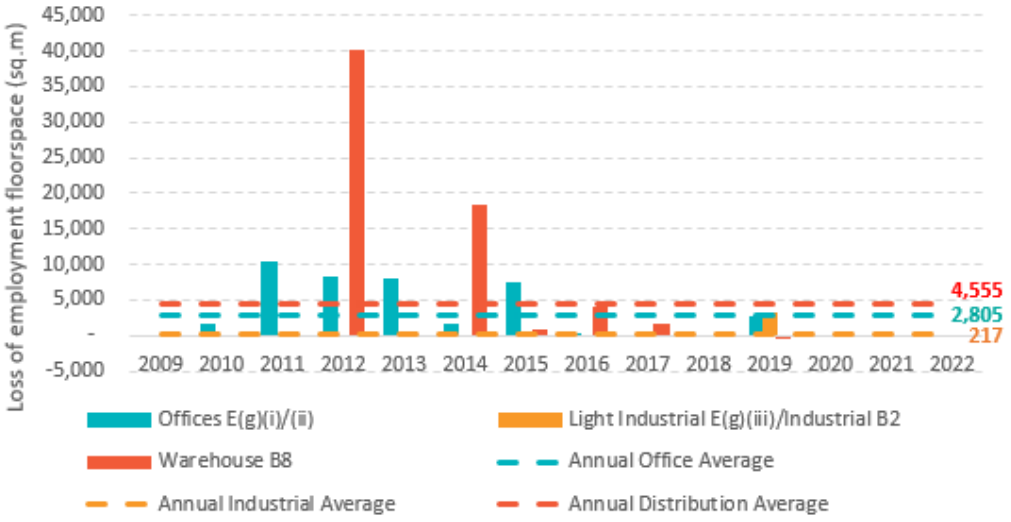
4.12 Between 2009 and 2022, RBG saw a significant gross loss of 106,000 sq.m of employment floorspace equivalent to 7,600 sq.m per annum.

4.13 A total of 63,775 sq.m of these losses (58%) constituted warehousing B8 losses, equivalent to 4,555 sq.m per annum. The majority of losses for warehousing uses were recorded in 2012 associated with the redevelopment of Sainsbury's Lombard Way which saw the loss of 40,000 sq.m of warehousing. However, this was partly compensated for by the redevelopment of 26,000 sq.m of modern B8 floorspace (however resulting in a net loss). In 2014, further B8 was lost from Paynes Wharf to the redevelopment of a mixed-use scheme.

4.14 A total of 39,270 sq.m of office floorspace was lost between 2009 and 2022, equivalent to 2,800 sq.m per annum. Of which the majority of office losses were recorded in 2011, 2012 and 2015.

4.15 A total of 3,040 sq.m of industrial floorspace was lost during this period, equivalent to 434 sq.m per annum. This was primarily due to the loss of floorspace on Greenwich Peninsula in favour of a redevelopment of a mixed use scheme which included office floorspace.

Figure 3.5 Loss of employment floorspace in RBG 2009-2022



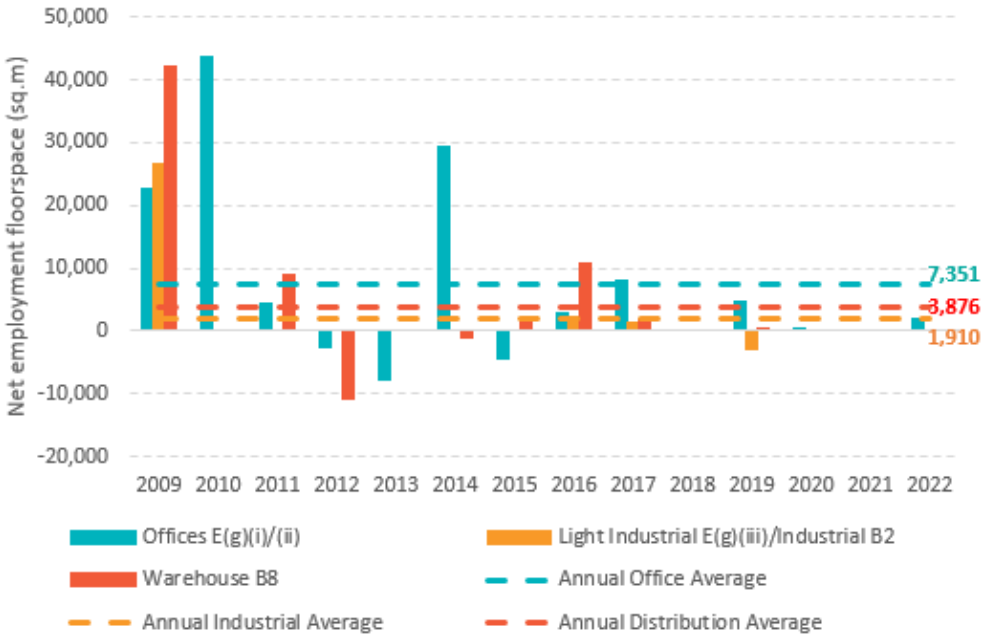
Source: Greenwich Monitoring Data (2023)/ GLA, The London Development Database (2020)/Lichfields analysis

Net Completions of Employment Space

4.16 Considering all employment developments and losses to other uses, RBG achieved a total net completion of 183,000 sq.m of employment floorspace from 2009 to 2022, averaging a net gain of 13,100 sq.m per year. This average is lower when examining the net completions over the more recent 10-year period from 2013 to 2022, which show a net gain of 4,900 sq.m per year.

4.17 Figure 3.6 indicates that, excluding 2009—which saw significant gains in employment space—RBG experienced moderate levels of employment completions overall. However, gains still outpaced losses across the borough. Most of the net gains were in office floorspace, followed by warehousing floorspace, with minimal net completions in industrial floorspace.

Figure 3.6 Net completions in RBG 2009-2022



Source: Greenwich Monitoring Data (2023)/ GLA, The London Development Database (2020)/Lichfields analysis

Permitted Development Rights

4.18 Permitted Development Rights (PDR) that allow the change of use from B1(a) offices to residential without the need of a planning permission were enforced temporarily in 2013 and were made permanent in October 2015. With the transition to Class E, office space now falls within a broader use class, allowing it to be converted to other Class E uses, such as retail or leisure, without requiring planning consent. Additionally, PDR enabling the change from Class E to residential has further impacted office space availability.

4.19 To manage these changes and protect key commercial areas, the Royal Borough of Greenwich (RBG) introduced a non-immediate Article 4 Direction on 3 August 2022, restricting the permitted development right to convert Class E to Class C3 residential use in designated retail centres across the borough. This direction was confirmed and officially came into effect on 8 August 2023.

4.20 Analysis of the Council's latest monitoring data, highlights that during the period 2019 and 2022, up to 10 prior approval permissions have been approved across RBG. This resulted in the loss of 2,300 sq.m of office floorspace over the period, equivalent to 770 sq.m per annum. Although data over a longer period is not available to identify a trend in office space loss due to PDR, the London Development Datastore (LDD) and Council Monitoring data highlighted above indicate that overall net completions for office floorspace have outpaced overall losses in floorspace. This reflects broader patterns of changing demand with more take-up occurring in new or refurbished, higher quality office space.

National and London Office Market Overview

4.21 The national outlook for offices is showing signs of recovery, with occupier demand rising by 6% in 2024 Q1[28]. However, this increase is almost entirely driven by Central London, where the net balance jumped from +3% in Q4 to +40% in Q1. In contrast, most other regions in the UK show flat or slightly negative trends in office occupier demand. Additionally, 52% of respondents to the commercial property survey reported an increase in tenants looking to downsize over the past year. Nearly 90% of respondents have observed significant or modest levels of office repurposing to other uses.

4.22 A review of the London office market shows that the vacancy rate has risen to 9.7%, a 20-year high, up from 5% in 2019 before the pandemic. This increase is primarily due to new office completions sitting alongside subdued demand. Approximately 19.4 million sqft (1.8 million sq.m) of office space is under construction, nearing a record high. Consequently, average rents are expected to decline as tenants have more choices.

4.23 Demand for office space in London varies significantly by building quality and location. Net absorption has remained strong in London's highest-quality, 5-star office buildings, while all demand losses over the past four years have occurred in buildings rated 4-star or below. Modern, high-quality buildings are expected to continue attracting demand as firms upgrade to attract staff and meet environmental commitments, despite taking less space overall. For instance, HSBC will reduce its office space by half after preleasing 556,000 sqft in the City. The West End is performing the best among submarkets, while Docklands and west London struggle with double-digit vacancy rates. Barclays vacated one of its towers in Canary Wharf last year, and several major tenants are expected to leave the area for the City soon.

4.24 The investment market is gradually picking up after annual volumes hit a 19-year low in 2023. Yields for stabilised prime offices appear to have peaked amid growing expectations for interest rate cuts, which should stimulate more activity in 2024. Value-add investments are expected to remain prominent, with cash-rich investors acquiring well-located redevelopment opportunities at relatively low prices, anticipating strong tenant demand and rent growth in prime spaces in the next market cycle.

Office Market Overview

4.25 The RBG office market contains around 2.7 million sqft (250,000 sq.m) of office space. The vacancy rate for office space has fallen over the past year, and at 1.6% the rate was below the 10-year average and significantly below the wider London office market which currently stands at 9.7%.

4.26 Net absorption over the past year reached approximately 100,000 sqft (9,300 sq.m), significantly surpassing the five-year average. Rents increased by 1.1% over the past year, averaging at £29.74 per sqft a positive change but below the 3.5% average increase over the past decade.

4.27 In the near term, there are no supply-side pressures on vacancy or rental values, there are no significant office construction plans in the short-term pipeline. However, RBG has seen an 7.1% expansion in inventory for office premises over the past three years. This includes

[28] RICS (2024) UK Commercial Property Monitor Survey

the delivery of the Design District (7,200 sq.m) and 5 Station Way Old Carriage Yard (750 sq.m).

Engagement with local agents and stakeholders

4.28 Discussions with local agents (see Appendix 1), revealed that the office market remains active, with sustained demand for office space, though the market is constrained by limited supply. Occupiers are primarily seeking spaces ranging from 300 sq.m to 2,700 sq.m, with larger requirements being less common, as small and medium-sized enterprises dominate the market. It was also noted that there appears to be less demand for traditional office spaces in Greenwich, as its proximity to Canary Wharf suggests that businesses seeking conventional office setups are more likely to choose Canary Wharf over Greenwich.

4.29 Regarding affordable workspaces, agents stated that there is significant and growing demand, particularly in the creative and related sectors. However, one agent mentioned that even spaces offered at 10% below market rates are often too costly for these businesses, prompting them to seek older, lower quality buildings in the area for more affordable options.

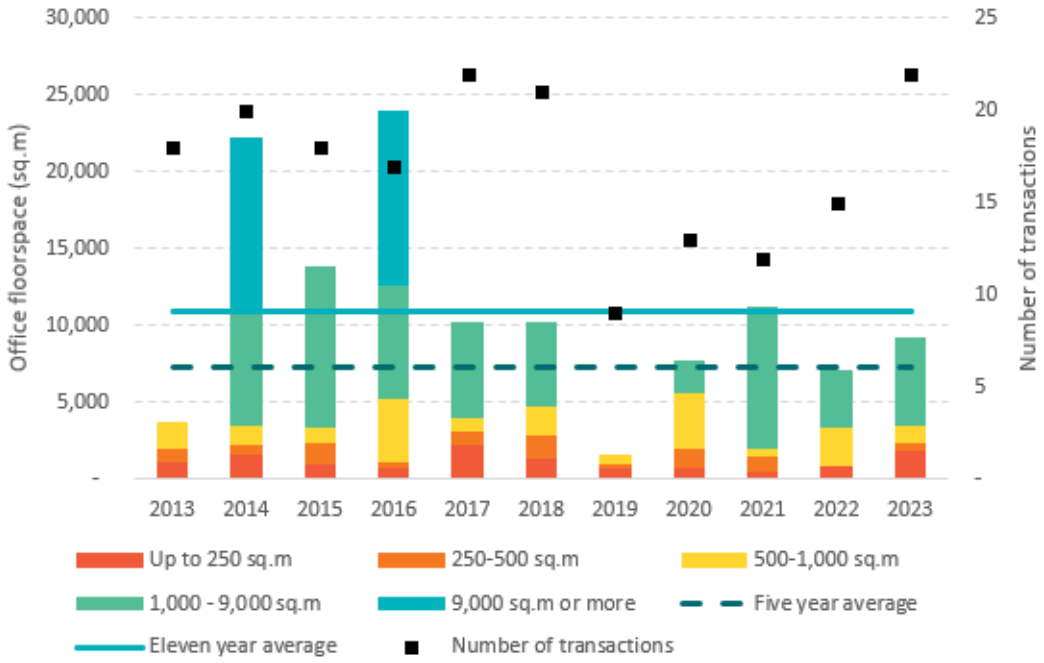
4.30 In discussions with the Greenwich Enterprise Board (GEB), a social enterprise in the Borough that offers affordable commercial spaces, it was noted that all 10 of their properties are currently fully occupied, indicating strong demand for affordable workspace. GEB primarily provides smaller office units, typically under 100 sq.m., and caters to small businesses, with 40% of its portfolio occupied by BAME-led enterprises. The success of this model is attributed to flexible leases, affordable market rates, and the absence of credit checks or referencing, resulting in a straightforward leasing process that allows tenants to terminate with just one month's notice. This setup is highly attractive to small businesses and underscores the high demand for affordable workspaces in the Borough which cater for a diverse market. GEB also noted their plans to expand, with their most recent project, Charlton Workstack which comprises primarily of light industrial units, partially funded by the GLA, and the upcoming Neptune House in West Greenwich, which will offer 10 small office units.

4.31 Discussions with agents and stakeholders revealed that, despite a significant increase in the office stock within RBG, most demand is for small to medium-sized units. Due to its proximity to Canary Wharf, RBG attracts less interest from traditional office occupiers who prefer the more conventional office setups available in Canary Wharf.

Take-up By Size

4.32 Total office take-up (including both sales and leases) in RBG over the 2013-2023 period amounted to 120,400 sq.m (based on CoStar data). Almost half (47%) was accounted for by large office premises of 1,000-9,000 sq.m in size with a further 19% falling in the largest size bracket (of 9,000 sq.m and above) as shown in Figure 3.7. It is noted that the borough saw a peak in take-up in 2016 with 23,900 sq.m transacted in one year. Notably, recent office take-up has exceeded 2019 levels, which were quite low, indicating a recovery in RBG's office market, though still below the higher levels seen in 2014 and 2016.

Figure 3.7 Office Take-up by Size in RBG, 2013-2023



Source: CoStar (2024)/Lichfields analysis

4.33 Figure 3.7 also shows the number of transactions by size and office premises (secondary axis). In total 124 leases and 63 sales were recorded over the 11 years, an average of 11 leases and 6 sales per year. Of note 61% of all transactions were attributed to small office units of below 250 sq.m, followed by 14% in mid to large category of 500-1,000 sq.m.

Stock Age and Quality

4.34 Table 3.2 summarises the age and quality of existing office premises in RBG according to the latest CoStar data[29]. This shows that 77% of existing office stock was built before 2000 but 43% of office floorspace was built after 2000 indicating a largely modern stock of office floorspace.

4.35 In terms of quality, CoStar provides its own 5-star Building Quality Rating System[30], the rating definitions are summarised below:

- **5-Star**: Iconic, state-of-the-art buildings with high-quality materials, standout architectural designs, abundant natural light, premium lobbies, and extensive amenities like fitness centres and conference facilities. They often feature sustainable certifications, energy-efficient systems, and well-maintained landscaping with rooftop spaces.
- **4-Star**: High-quality buildings with durable materials, spacious lobbies, and good natural lighting. Although showing slight aging, these buildings maintain clear access points, some modern amenities, and well-kept landscaping. They are likely to hold green certifications.

[29] CoStar data accessed on the 1st July 2024
[30] https://www.costar.com/sites/costar.com.na/files/2023-09/costar_buildingratingsystem-definition.pdf

- **3-Star**: Standard quality with functional materials like brick or concrete, modest lobbies, adequate lighting, and undistinguished entrances. Basic amenities are offered, and landscaping, if present, is limited. Green certifications are possible but not assured.
- **2-Star**: Functional but dated buildings showing wear, with basic lobbies, limited lighting, and purely practical design. Amenities and landscaping are minimal, and green certification is unlikely, with upgrades often needed to meet current standards.
- **1-Star**: Outdated buildings with aging materials, minimal or absent lobbies, small windows, and functional aesthetics that blend with surrounding structures. These buildings have no amenities or landscaping and are almost certainly uncertified for energy efficiency.

4.36 The majority of office premises are rated as 3 stars or less (out of 5), with very few premises (just 13) considered to be of high quality (i.e. 4-5 stars).

Table 3.2 Age and Quality of Existing Office Space in RBG (2024)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock				
Pre 1940s	95	44%	76,415	33%
1940s- 1980s	42	19%	38,924	17%
1980s- 2000s	30	14%	17,533	8%
Post- 2000s	51	23%	100,397	43%
Total[31]	218	100%	233,268	100%
CoStar Star Rating				
1-2 Stars	147	54%	65,133	26%
3 Stars	114	42%	107,017	43%
4-5 Stars	13	5%	77,510	31%
Total	274	100%	249,660	100%

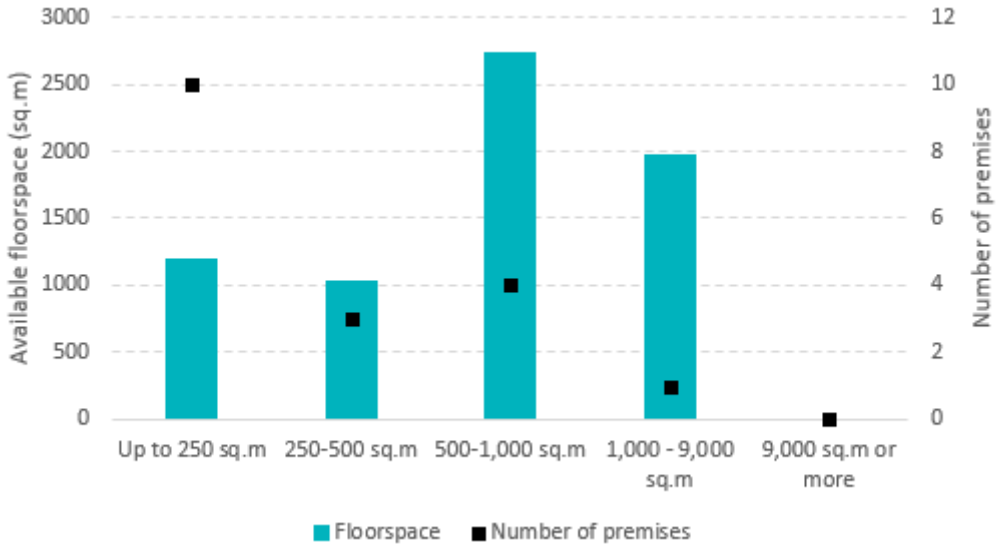
Source: CoStar (2024)/Lichfields analysis

Office Availability

4.37 CoStar data indicates that current availability of office floorspace equates to 2.8% of RBG's total office stock at around 6,900 sq.m distributed across 18 units. Figure 3.8 highlights the size bands of the existing available office floorspace in RBG. Across a total of 18 premises, 56% are small sized premises of up to 250 sq.m, with 22% comprising larger premises (500-1,000 sq.m) and 17% for medium sized premises (250 sq.m-500 sq.m).

[31] It should be noted that not all premises on CoStar have ages recorded and hence totals for Age and CoStar ratings do not match.

Figure 3.8 Availability of Office Floorspace in RBG (2024)



Source: CoStar (2024)/Lichfields analysis

4.38 Table 3.3 shows a comparison of the available office floorspace supply against the 11-year and 5-year average take up rates for RBG based on available supply (i.e. excluding historic take-up). There is estimated to be only 0.9 years' supply based on the 11-year take up average, and 0.6 years' supply based on the 5-year take up average. This clearly indicates that demand is high relative to the current supply in the commercial property market.

Table 3.3 Years of Available Office Supply in RBG

Annual Average Take Up 2013-2023	10,950
Available Supply	6,900
Years of Available Supply	**0.6**
Annual Average Take Up 2019-2023	7,330
Available Supply	6,900
Years of Available Supply	**0.9**

Source: CoStar (2024)/ Lichfields analysis

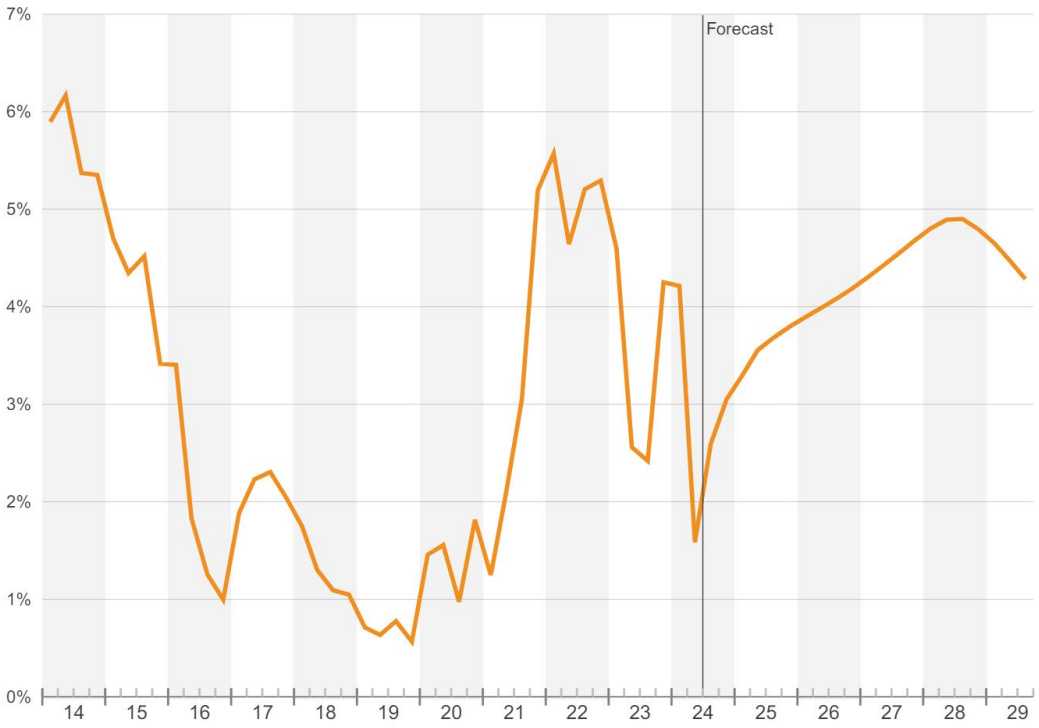
Vacancy Trends

4.39 Figure 3.9, provided by CoStar, shows the latest office vacancy trends in RBG as well as a forecast vacancy levels to 2029. Office vacancies have seen significant variation over time. In particular, vacancy levels have reduced significantly following a peak in 2014 at 6.2%. Similarly, 2024 has seen lower vacancy levels at 1.6% compared to a vacancy level of 5.6 % in 2022. The rise in vacancy level in 2021, 2022 and 2023 was partially due to the new completions of new supply of office floorspace within the market combined the effects of the pandemic on working patterns.

4.40 A vacancy rate of around 8% is typically considered to represent a 'normal' or 'frictional' rate whereby supply and demand are broadly in balance allowing for reasonable churn in the market. Given that the vacancy rate in RBG for office floorspace is currently well below 8% suggests a tight market where demand is high relative to supply. This is reinforced by the fact that office vacancy rates in Greenwich are substantially lower than that of the wider London market as a whole (1.6% compared to 9.7%).

4.41 According to CoStar, the vacancy level in RBG is forecasted to increase and remain stable at 4.3% which remains lower than standard frictional rates. This suggests a steady market with ongoing and solid occupier demand relative to supply.

Figure 3.9 Office Vacancy Rates in Greenwich

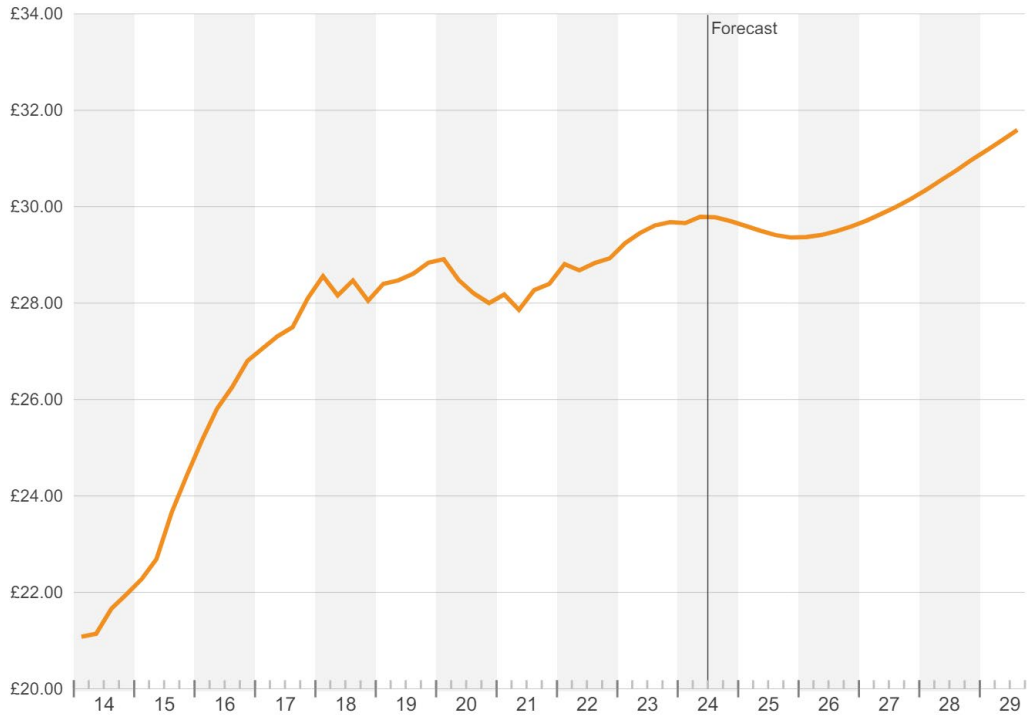


Source: CoStar (2024)

Office Rents

4.42 Office Rents in RBG are currently averaging at £29.74 per sqft. As shown in Figure 3.10, these rents have been increasing over the last few years, with forecasts indicating a steady rise to around £31.59 by 2028/29. In comparison, average office rents across London as a whole currently stands at £29.81 per sqft which is in line with those being achieved in RBG's market.

Figure 3.10 Market Office Rent in RBG (per sq ft)

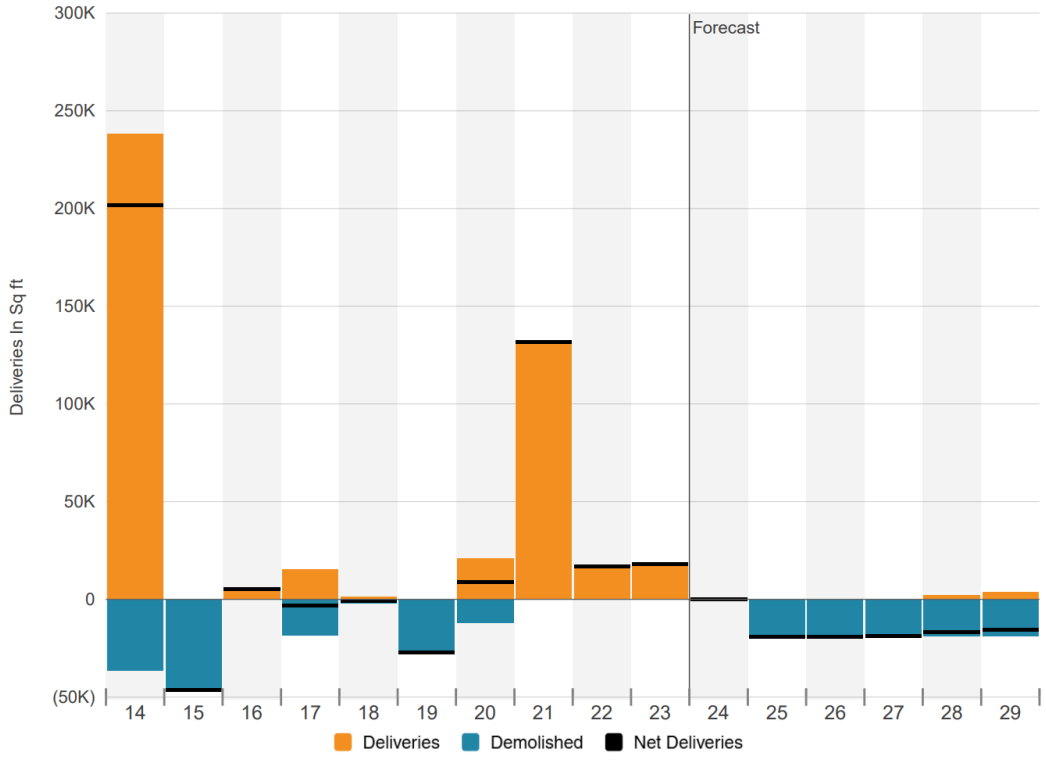


Source: CoStar (2024)

Net Deliveries

4.43 Over the last ten years, RBG recorded delivery of 284,500 sqft (or 26,430 sq.m) of office floorspace according to CoStar. Almost half (46%) of the new office completions were delivered in 2021 which saw the delivery of 131,625 sqft (or 12,220 sq.m). The forecast delivery shown in Figure 3.11 is based on historical long-term trends collated by CoStar on net deliveries and demolitions. This estimates that from 2025 to 2029, RBG will see a loss of 8,305 sq.m of office floorspace, equivalent to an annual loss of 1,661 sq.m over the next 5 years.

Figure 3.11 Office Deliveries and Demolitions in RBG[32] (sq ft)



Source: CoStar (2024)

National and London Industrial Market Overview

4.44 The national outlook for the industrial sector[33] indicates an increase in occupier demand for industrial space in Q1 2024. Rental growth expectations are positive for both prime and secondary industrial sectors, with only the industrial sector experiencing a rise in investment queries during this period. Survey respondents are confident that prime industrial assets will see capital value appreciation over the coming year (net balance +54%), while secondary industrial properties are expected to see a more modest increase in values (net balance +14%).

4.45 London's industrial occupier market is gaining momentum heading into summer 2024. Around 1.3 million sqft was leased in each of the past two quarters, making them London's busiest quarters for two years. Take-up has been boosted by several significant deals over 70,000 sqft, with companies like Sunbelt Rentals, Matthew Clark, and Panalux leasing large warehouses in west London. This has led to mildly positive net absorption, despite new industrial completions pushing the vacancy rate higher.

4.46 The recent increase in demand follows a weak period for London's industrial occupier market. The capital has lagged behind the sector's overall success in recent years, losing over 3 million sqft of demand as occupiers moved to cheaper spaces or vacated warehouses

[32] CoStar only monitors losses of employment space related to new commercial developments, therefore the demolitions reported relate to redevelopment of commercial space/sites rather than where these have been losses or changes of use to non-employment uses such as housing.
[33] RICS (2024), Q1 2024 UK Commercial Property Monitor Survey

slated for conversion. Leasing activity jumped by 17% in the year leading up to Q1 2024, but this was after a very weak year, and take-up remains 24% below 2019 levels.

4.47 Annual net absorption stands at 68,000 sqft (6,300 sq.m), with London's industrial vacancy rate at 5.3%, up from around 2% pre-pandemic. While historically low, vacancies could rise further in the near term as supply exceeds demand.

4.48 Industrial rent growth is expected to decelerate in the coming months due to higher vacancy rates, rising business costs, and subdued economic conditions, with London likely to underperform compared to the national average. The increasing amount of vacant space available for sublease, which reached a 15-year high in early 2024 and is eight times higher than pre-pandemic levels, will also limit landlords' ability to raise rents.

4.49 Last-mile units in well-connected submarkets are poised for significant rent growth. Ealing and Heathrow, the busiest leasing areas recently, are expected to continue outperforming. Well-connected but lower-rent areas like Havering should also do well. Market participants note diverse demand for units on multi-let industrial estates, reducing vacancy and driving rent growth in that segment. London's strong economic and population growth prospects, combined with a shrinking supply of industrial-zoned land, present upside risks to broader rent growth.

Industrial Market Overview

4.50 RBG has a significant industrial market with about 7.8 million sqft (or 725,000 sq.m) of industrial space. Recent economic and political instability has had a minimal impact on the vacancy rate of the industrial market, which has only slightly increased to 5.8% over the past 12 months. Net absorption was negative over the past year, continuing a trend of an average annual decrease of 68,000 sqft (6,300 sq.m) over the past five years. This demonstrates the significance of industrial loss because of vitally important, strategic regeneration programmes alongside the need to replace older, lower quality stock with modern, flexible industrial space.

4.51 Rents grew by 3.0% over the past year, currently at £15.68 per sqft, a solid rate but the weakest performance in RBG over the past five years. Currently, only 9,800 sqft (910 sq.m) of construction is underway at Peterboat Close (Bloom Greenwich), the lowest in over three years. This marks a shift from the overall trend, as inventory has contracted over the past decade due to demolition outpacing new construction. The RBG market has been relatively active for industrial transactions in recent years, though this momentum has slowed over the past year.

Engagement with local agents and stakeholders

4.52 Discussions with local agents revealed that the industrial market remains strong, with steady demand for light industrial spaces, alongside significant demand for logistics and distribution facilities. Agents highlighted the reduction of industrial space in RBG due to mixed-use developments, which has further limited supply. Occupiers are mostly looking for spaces between 300 sq.m and 2,700 sq.m, with larger requirements being less common as small and medium-sized enterprises dominate the market. Key occupiers include food operators, manufacturing, and last-mile businesses. As with many other markets, demand for distribution space remains high, with occupiers in Greenwich seeking B8 spaces that

provide more car parking. Agents highlighted that there are concerns from occupiers about how increasing development density may impact parking availability for B8 occupiers.

4.53 Regarding affordable workspaces, there is noted demand, particularly in the creative sectors. However, one agent mentioned that even spaces offered at 10% below market rates are often too costly for these businesses, prompting them to seek older, more dilapidated buildings in the area for more affordable options.

4.54 A discussion with the Greenwich Enterprise Board (GEB) revealed that a significant portion of the demand for their affordable workspaces comes from tenants looking for light industrial units and small last-mile distribution spaces. GEB reported a 100% occupancy rate for its industrial units, with demand noted across all unit sizes. While there is some interest from manufacturing businesses, such as bespoke furniture makers and clothing tailors, the majority of take-up has been from local small-scale distribution companies and light industrial uses within GEB's portfolio.

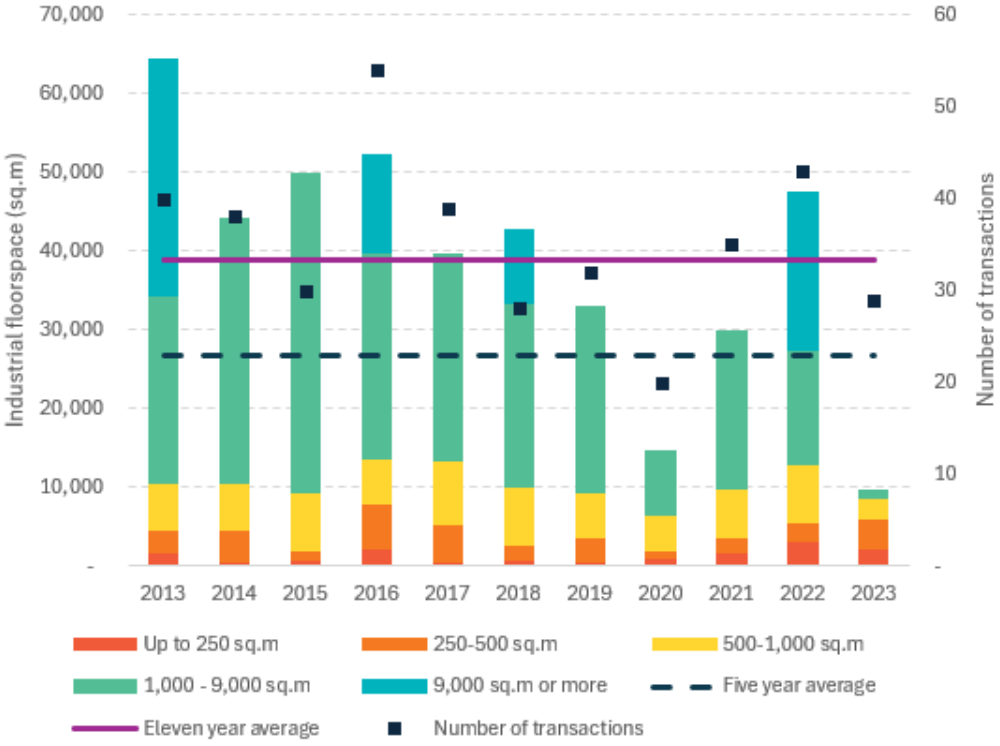
4.55 The latest premise delivered by GEB is Charlton Workstack on Woolwich Road which comprises of 1,600 sq.m floorspace, the premise provides an example of a high-quality industrial workspace on compact sites, by stacking the units over five floors. The scheme was partially funded by the GLA through Good Growth Funding as an exemplar for industrial intensification. Workstack's 14 units vary between (600-1,200 sq.m) offering tenant choice and growth within the building. Occupiers include furniture markers, knitwear producers, workwear manufacturers and a bicycle/motorcycle workshop. As mentioned earlier, businesses in the Borough are drawn to the lower market rates and the straightforward leasing structure, which allows them to easily sign contracts or move on as needed.

4.56 Stakeholder and agent engagement revealed a strong concentration of demand in RBG for small to medium-sized units, primarily serving light industrial and last-mile distribution occupiers. In contrast, there is less demand for manufacturing occupiers in the area. This trend is particularly evident in the creative sectors, which favour flexible Class E units [E(g)(i)/(ii)/(iii)] over the declining demand for B2 manufacturing spaces. Additionally, there is significant demand for B8 distribution and logistics spaces, as RBG, being an inner London Borough, can meet the needs of other nearby boroughs while also offering the land required for larger conventional warehouses.

Take-up By Size

4.57 Total industrial take-up (including both sales and leases) in RBG over the 2012-2023 period amounted to 426,544 sq.m, according to CoStar data. This is equivalent to an average take up of 38,777 sq.m per annum. More than half (56%) was attributed to industrial premises of 1,000- 9,000 sq.m in size, with a further 16% falling in the 500-1,000 sq.m bracket, as shown in Figure 3.12. The total quantum of take-up in 2022 is well above the 2019 pre-pandemic levels of industrial take-up. Meanwhile 2023 saw a sharp decline in take-up comparatively across RBG.

Figure 3.12 Industrial Take-Up by Size in RBG, 2013-2023



Source: CoStar (2024)/Lichfields analysis

4.58 Figure 3.12 also shows the number of transactions by size of industrial premises (secondary axis). In total 265 leases and 123 sales were recorded over the 2013-2023 period, an average of 24 leases and 11 sales per annum. Of note 28% of all transactions were attributed to small industrial units of up to 250 sq.m.

Stock Age and Quality

4.59 Table 3.5 summarises the age and quality of existing industrial premises in RBG according to latest CoStar data. This show that stock is comparably older for general and light industrial stock with just 16% of premises being built after 2000. This results in no general or light industrial premises being rated with 4 or 5 stars (i.e. grade A stock) by CoStar.

4.60 In comparison, there are more storage & distribution premises-built post 2000s, approximately 26% of units, equating to a third (33%) of floorspace. In terms of quality, only 6 premises in RBG are considered Grade A stock, with the majority of premises ranked 3 stars or less indicating average quality.

Table 3.4 Age and Quality of Existing Industrial Space in RBG

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock- General & Light Industrial				
Pre 1940s	30	22%	61,676	37%
1940s- 1980s	44	33%	51,842	31%
1980s- 2000s	38	28%	22,953	14%
Post- 2000s	22	16%	31,280	19%
Total[34]	**134**	**100%**	**167,751**	**100%**
Age of Stock- Storage & Distribution				
Pre 1940s	18	12%	49,675	10%
1940s- 1980s	45	30%	133,664	28%
1980s- 2000s	50	33%	136,993	28%
Post- 2000s	39	26%	160,491	33%
Total	**152**	**100%**	**480,824**	**100%**
CoStar Star Rating- General & light Industrial				
1-2 Stars	110	70%	87,507	40%
3 Stars	47	30%	131,100	60%
4-5 Stars	0	0%	0	0%
Total	**157**	**100%**	**218,607**	**100%**
CoStar Star Rating- Storage and Distribution				
1-2 Stars	74	46%	163,918	32%
3 Stars	81	50%	314,924	62%
4-5 Stars	6	4%	28,675	6%
Total	**161**	**100%**	**507,517**	**100%**

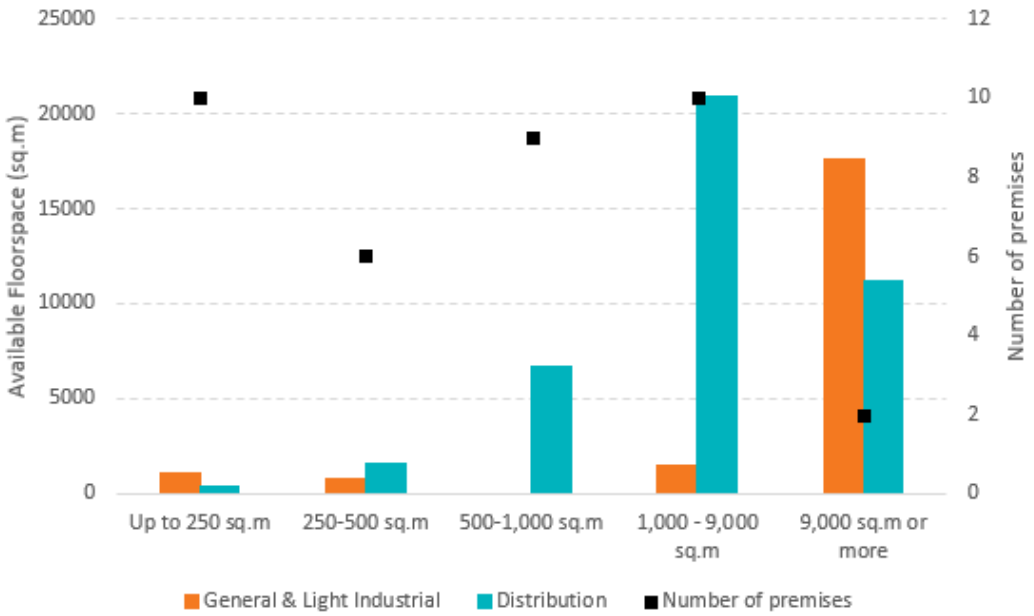
Source: CoStar (2024)/ Lichfields analysis

Industrial Availability

4.61 CoStar data indicates that availability (as at July 2024) of industrial floorspace equates to 8.5% of the total industrial stock (around 61,600 sq.m) distributed across 37 units. Figure 3.13 highlights the size bands of the available industrial and distribution floorspace in RBG. Across a total of available premises, 27% are categorises as large (1,000-9,000 sq.m), with another 27% comprising small units of up to 250 sq.m. Of the available industrial floorspace within Greenwich, 65% is attributed to storage and distribution uses.

[34] It should be noted that not all premises on CoStar have ages recorded and hence totals for Age and CoStar ratings do not match.

Figure 3.13 Availability of Industrial Floorspace in RBG (2024)



Source: CoStar (2024)/Lichfields analysis

4.62 Table 3.5 shows the scale of future industrial supply based on 11-year and 5-year average rates of take-up in RBG. The table shows there to be an estimated supply of only 1.6 years using the 11-year take up average and 2.3 years of supply when applying the 5-year take-up average. Clearly, this indicates future available supply is limited against the context of high levels of market demand.

Table 3.5 Years of Available Industrial Supply in RBG

Annual Average Take Up 2013-2023	38,780
Available Supply	61,660
Years of Available Supply	**1.6**
Annual Average Take Up 2019-2023	26,780
Available Supply	61,600
Years of Available Supply	**2.3**

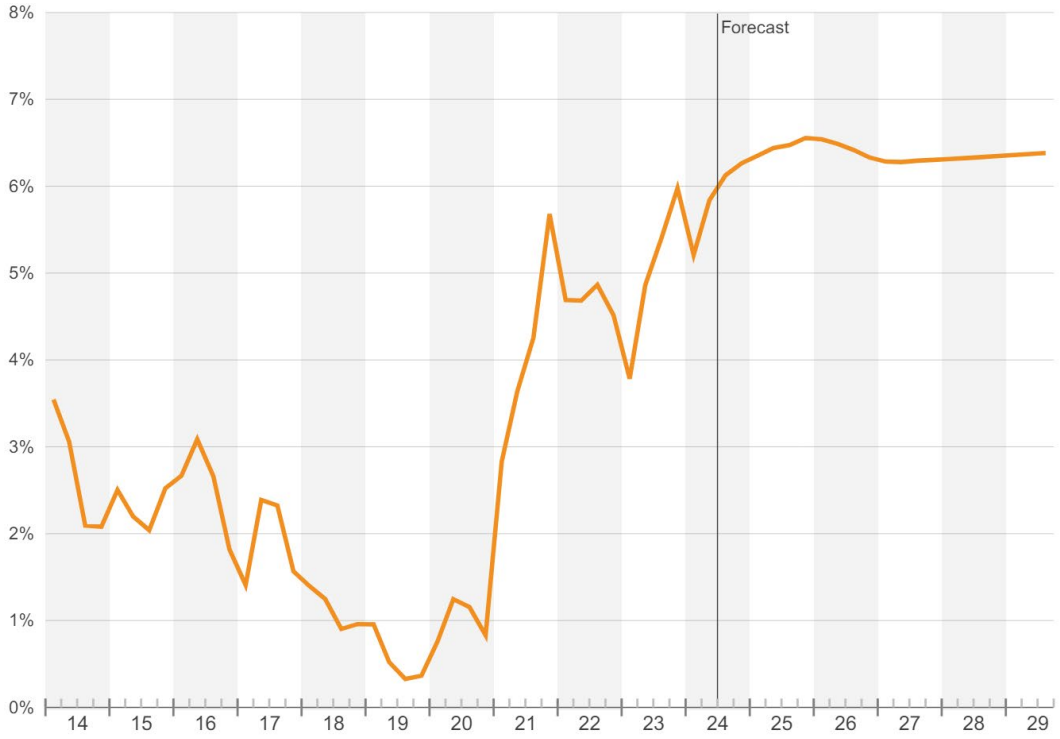
Source: CoStar (2024)/ Lichfields analysis (rounded figures)

Vacancy Trends

4.63 Figure 3.14 shows the latest industrial vacancy trends in Greenwich as well as forecast for vacancy levels to 2021[9]. Vacancy levels in 2014 were 3.5% and declined to a record low of 0.4% in 2019. Since the pandemic vacancy levels in RBG for industrial premises have risen and are now set at 5.8%. This is roughly in line with the vacancy level current experienced across London which is recorded at 5.3%.

4.64 The rise in vacancy levels in RBG in part due to the delivery of new premises. There is currently 915 sq.m of construction underway in 2-7 Peterboat Close, however. The vacancy level in RBG is forecast to stabilise at 6.3% by 2029.

Figure 3.14 Industrial Vacancy Rate in RBG

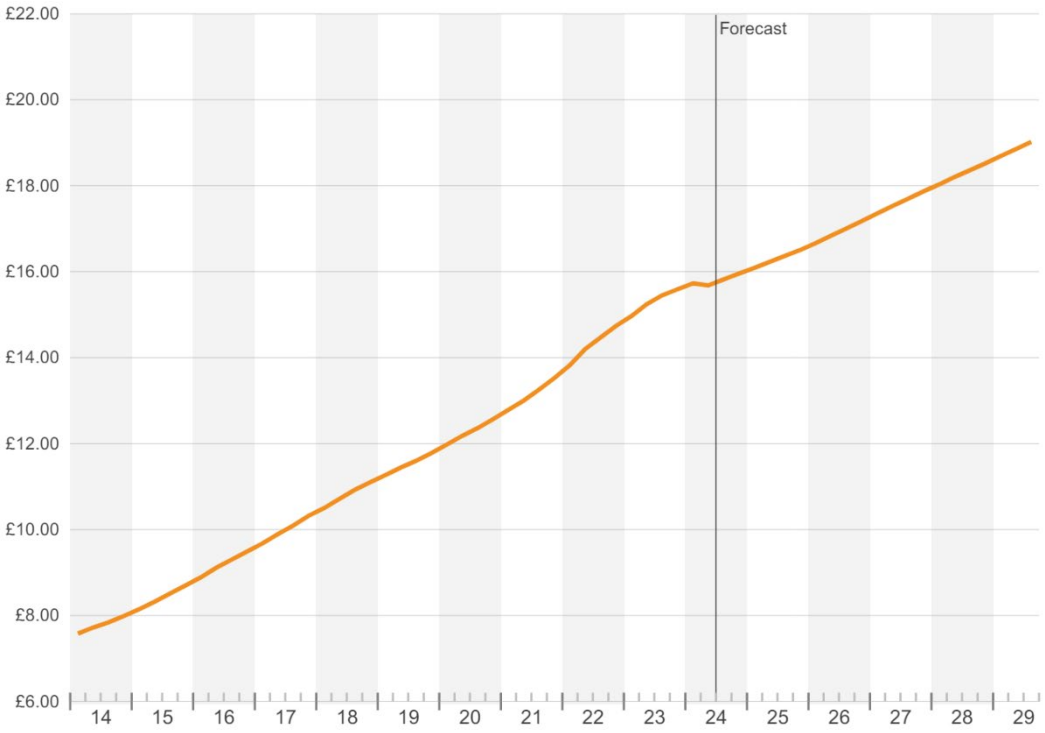


Source: CoStar (2024)

Industrial Rents

4.65 Industrial rents in RBG currently average at £15.68 per sqft which is relatively affordable when compared to the overall London average of £19.36 per sqft. As shown in Figure 3.15, industrial rents have been increasing steadily over the last few years, with forecasts suggesting rents will stabilise in the future to around £19 per sqft by 2029.

Figure 3.15 Industrial Rents in RBG (per sq ft)

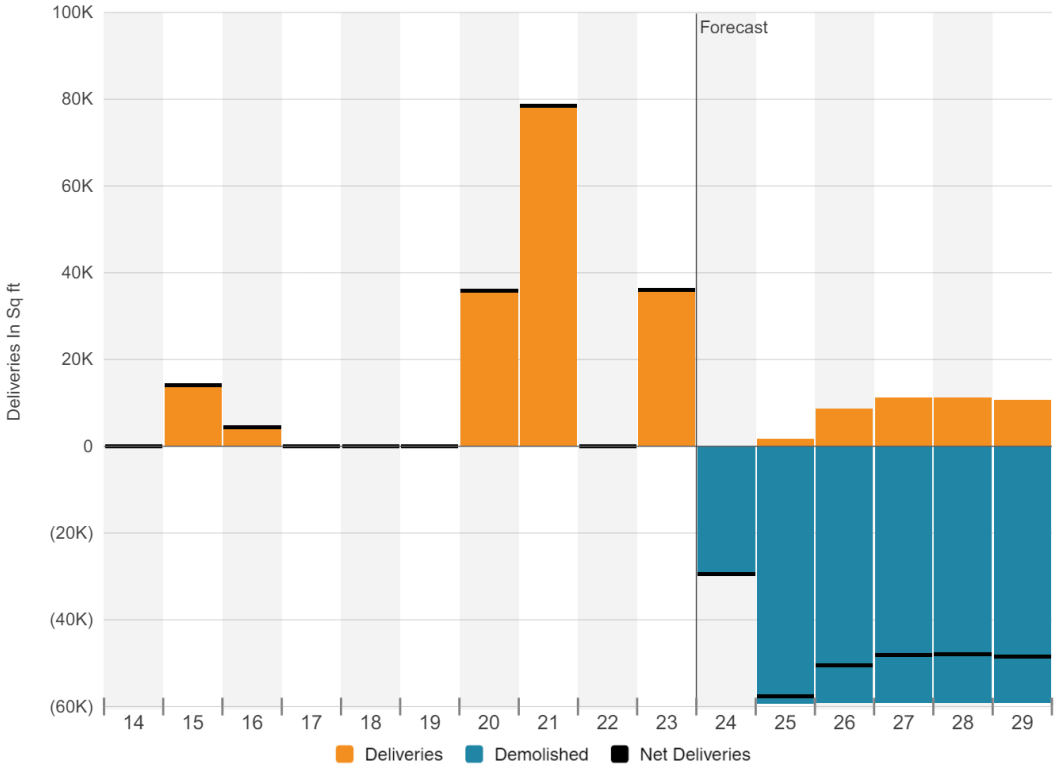


Source: CoStar (2024)

Net Deliveries

4.66 Over the last 10 years, RBG recorded a net delivery of 168,922 sqft (or 15,690 sq.m) of industrial floorspace according to CoStar, equivalent to 1,569 sq.m delivered per annum. The forecast delivery shown in Figure 3.16 is based on historical long-term trends of net deliveries and demolitions collated by CoStar. Figure 3.16 highlights a total net loss of -22,033 sq.m of industrial floorspace over the period 2025 to 2029, or a reduction of 4,406 sq.m annually. This trend suggests a notable decrease in industrial stock within RBG in the near term, highlighting the need for additional space or more intensive use of existing facilities.

Figure 3.16 Industrial Deliveries and Demolitions in RBG[35] (sqft)



Source: CoStar (2024)

Summary

4.67 The key points in terms of commercial property market trends and dynamics in RBG can be summarised as follows:

1 RBG boasts substantial employment space, with the second-largest stock of industrial space among its south London neighbours, following Bexley. Conversely, Southwark leads in terms of office stock, while RBG ranks fourth across South London Boroughs. Despite this, RBG's office space has increased by 16.3% (22,000 sq.m) over the last 20 years, whereas industrial space declined by 20.9% (172,000 sq.m). The last decade saw an 11.3% rise in office space (16,000 sq.m) but a 1.2% drop in industrial space (8,000 sq.m).

2 In terms of spatial distribution, office premises in RBG are concentrated in the north, around Greenwich town centre, Greenwich Peninsula, and Woolwich, with Eltham being a significant cluster in the south. Woolwich houses over a third of the office space, followed by Greenwich Peninsula and Riverside. Industrial spaces are primarily concentrated around Charlton Riverside, Plumstead, Thamesmead, and Woolwich. With Charlton having the highest concentration of industrial premises and Thamesmead having significant distribution floorspace.

[35] CoStar only monitors losses of employment space related to new commercial developments, therefore the demolitions reported relate to redevelopment of commercial space/sites rather than where these have been losses or changes of use to non-employment uses such as housing.

3 From 2009 to 2022, RBG saw 293,400 sq.m of gross completions in employment space, averaging 21,000 sq.m annually. Office uses accounted for 48%, distribution 42%, and industrial 10%. The majority of completions occurred in years like 2009 and 2014, driven by significant developments. Meanwhile, the last four years saw comparably lower completions largely affected by the pandemic and cost of living crisis. The borough also experienced during the same period a loss of 109,000 sq.m in employment space, primarily in warehousing (58%) followed by offices (36%), and industrial (6%).

4 Despite these losses, RBG achieved a net gain of 181,000 sq.m of employment space from 2009 to 2022, averaging 12,900 sq.m per year, though this is reduced significantly to 3,300 sq.m net completions annually over the last decade. Most net gains were attributed to office spaces, followed by distribution floorspace, with minimal completions in industrial spaces.

5 The office market in RBG has been growing over the past ten years as a result of large-scale regeneration in Greenwich Peninsula but also new developments across Woolwich Riverside. Greenwich's office market is experiencing strong demand, with a vacancy rate of 1.6%, well below the typical market equilibrium of 8%, indicating limited supply. Over the past year, net absorption reached 100,000 sqft, surpassing the five-year average, while rents rose by 1.1%. No new office construction is underway, despite an 7.1% inventory expansion over the last three years. The office stock is relatively modern, with 43% built post-2000, although most premises are rated 3 stars or below. Current supply is limited, with only 0.6-0.9 years of available office space based on recent take-up rates. RBG's market remains highly competitive, with rents aligning closely with London's overall average.

6 Engagement with agents and stakeholders reported strong demand for office space in line with market analysis from CoStar. Most demand is for small to medium-sized units (300 to 2,700 sq.m), as the market is dominated by small and medium-sized enterprises (SMEs). Larger space requirements are less common, and demand for traditional office setups is lower, with businesses often choosing Canary Wharf for conventional offices.

7 As is generally the case across London, the industrial market in Greenwich displays a slightly higher vacancy rate compared to offices. Current industrial vacancy rates in RBG sit at 5.8%, which is slightly above pre-pandemic levels but still well within 'normal' frictional rates expected of a relatively strong market. While rents grew by 3% over the past year, net absorption has been negative, reflecting significant losses resulting from regeneration of industrial land for residential and mixed-use developments. Such losses have outweighed new developments although demand remains healthy. Construction activity in recent years has been limited with only 910 sq.m being built at present. The stock is generally on the old side, with only 16% of general industrial space built since 2000 which results in and most premises rated 3 stars or lower. The ageing nature of most stock makes it vulnerable to obsolescence and/or redevelopment for non-industrial uses. Despite this, demand remains strong, with there being only 1.6-2.3 years of available supply. Rents are expected to rise steadily, though they remain lower than the broader London market. Consequently, there is a need for the RBG industrial stock to be replenished by fresh premises which are flexible and fit-for-purpose. Employment land policies in the Local Plan should

seek to enable both the regeneration and renewal elements of market demand to be accommodated.

8 Engagement with stakeholders and agents highlighted strong demand in RBG for small to medium-sized units, mainly catering to light industrial and last-mile distribution occupiers. In contrast, demand for traditional manufacturing occupiers is lower. This trend is particularly notable in the creative sectors, which prefer flexible Class E units [E(g)(i)/(ii)/(iii)] over the diminishing demand for B2 manufacturing spaces. There is also significant demand for B8 distribution and logistics spaces, as RBG's location within inner London allows it to serve the needs of nearby boroughs while providing the land needed for large conventional warehouses. Having a reasonable supply of suitably sized logistics and warehousing space is a necessary market requirement for all well-balanced inner London fringe and outer London economies. Furthermore, the latest NPPF, specifically paragraph 86c, emphasises that planning policies should give particular consideration to the requirements of a modern economy, which includes data centres, digital infrastructure, and freight and logistics. Such premises are critical in accommodating the needs of businesses which serve wider part of the economy including many service-based activities, light industrial, retail, catering, consumer sectors and tourism.

9 Both the office and industrial markets in Greenwich are experiencing significant demand from businesses which require affordable, flexible workspaces. As rents for both office and industrial properties continue to rise, many companies having to take space in older premises to remain active in the local market, while those priced out are being pushed to relocate further away from the borough. A clear workspace policy in the new Local Plan or stand-alone workspace strategy is essential to address this challenge and ensure businesses can continue to thrive in Greenwich. A strong example is provided by Greenwich Enterprise Board who indicate the local market is characterised by high levels of demand, supported by the 100% occupancy rate of GEB's properties for office and industrial units. The key draws for businesses are not only the more affordable rates but also the streamlined leasing structure, which offers flexibility and ease in signing contracts.

5.0 Future Employment Space Requirements

5.1 This section considers future employment space needs in RBG by drawing on a range of scenarios that reflect different methodologies. These scenarios are used to inform an updated analysis of the potential economic growth needs within the Borough to inform an assessment of future employment land requirements and associated planning policy implications that flow from these over the Local Plan period from 2022 to 2037.

Approach

5.2 The National Planning Policy Framework (December 2024) requires "planning policies to set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth" (Paragraph 86a).

5.3 In this context, and in compliance with Planning Practice Guidance on economic development needs assessment, a number of potential future economic scenarios have been developed to provide a framework for considering future economic growth needs and employment use class space requirements for RBG over the Local Plan period 2022 to 2037. These scenarios draw on:

1 Projections of employment growth in the relevant employment class sectors (labour demand) derived from economic forecasts produced by the Greater London Authority ("GLA") (October 2022 release) and Experian in June 2024.

2 Consideration of past trends in completions of employment space based on monitoring data supplied by the London Development Database (LDD), and CoStar's latest commercial property data (specifically net absorption).

3 Estimates of future growth of local labour supply based on the Borough's latest housing target of 4,077 dwellings per annum (dpa).

5.4 Like other forecasting methodologies, the approaches highlighted above are subject to some limitations. Consequently, careful thought needs to be given as to how appropriate each is to local circumstances in the Borough. In addition, to be robust, the economic growth potential and likely demand for employment space needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future. There are also a number of qualitative factors that will influence the future employment space requirements that need to be planned for, as discussed in this report.

1.Forecast of Job Growth (Labour Demand)

Scenario 1A: GLA Economic Labour Demand (October 2022)

5.5 The labour demand scenario draws upon the latest employment projections for London to 2051 produced by the GLA and published in October 2022. The accompanying London Labour Market projections 2022 report[36] explains the methodology and assumptions underpinning these projections.

[36] GLA Economics (2022), London Labour Market Projections 2022

5.6 These employment projections are available on a borough- by-borough basis, and combine both employees and self-employed, drawing on trend data from the ONS Business Register and Employment Survey (BRES) and workplace capacity projections.

5.7 The GLA employment projections provide figures for total employment growth at Borough level, although a sector-by-sector breakdown is only available for London as a whole. Therefore, we have used the latest (2022) BRES data to apportion the Borough's employment growth to specific sectors based on the relative share of employment by industry in RBG in 2022. We have then compared annual growth rates with those projected for London as a whole, to contextualise the analysis.

5.8 In this context GLA projections indicate overall employment growth of 22,000 jobs for the Royal Borough over the period 2021 to 2036, which is equivalent to 1,466 jobs per annum. We have then applied the average annual growth rate to estimate the number of jobs projected over the plan period of 2022 to 2037 which is equivalent to 22,290 jobs or 1,486 jobs per annum.

5.9 Table 4.1 highlights which sectors under this scenario are expected to see the greatest absolute employment across the Plan period, with a full breakdown of the job growth by sector (i.e. 38 sectors, including non-employment class sectors) presented in Appendix 2.

Table 4.1 Sector Employment Chage in RBG, 2022-2037 (total employment)

Sector	Use Class	Additional Jobs (2022-2037)
Education		+2,961
Retail		+2,467
Accommodation & Food Services		+2,221
Health		+1,850
Residential Care & Social Work		+1,850
Professional Services		+1,604
Other Private Services		+1,234
Public Administration & Defence		+1,110

Source: GLA Economics 2022. BRES 2022/Lichfields analysis

GREEN= Employment use class sector **ORANGE**= Partial use class sector **RED**: Non-employment use class

5.10 To put the above analysis into context, the GLA's employment projections by sector for London as a whole imply that the professional, real estate, scientific and technical activities (28%) followed by health (15%), administrative and support service activities, accommodation and food services (12%) and construction (11%) will see the highest growth across the Plan period. By contrast, the public administration and defence (-2%) and wholesale sector (-1%) are projected to see a decline in employment across London.

5.11 This suggests that RBG could see a see a different pattern of employment growth to London-wide trends in future, reflecting its location and particular strengths within public sector services.

5.12 Appendix 2 outlines how the 38 sectors are apportioned across the different employment use class categories (i.e. E(g)(i)/(ii), E(g)(iii), B2 and B8). This allocation is based on consultations with stakeholders and agents, which revealed that much of the business activity in RBG occurs in workspace-type premises (i.e. Light industrial E(g)(iii) premises). As a result, the sector groups are more heavily weighted towards light industrial use classes, with the possibility that some Office E(g)(i)/(ii) and B8 uses may also be accommodated in workspace-type premises.

5.13 Table 4.2 shows expected jobs growth for each of the employment use classes across the Plan period to 2037. Over the 15-year period, an overall job growth of 22,290 jobs is forecast in RBG of which 6,867 (30%) relate to employment use class sectors.

Table 4.2 Forecast Employment Change in RBG, 2022-2037

Use Class	2022	2037	Change
Office E(g)(i)/(ii)	13,629	16,597	+ 2,969
Light Industrial E(g)(iii)	11,799	14,369	+2,570
Industrial B2	2,085	2,540	+454
Distribution B8	4,011	4,885	+874
Total Employment Class Sectors	**31,520**	**38,390**	**+6,870**
Total Employment (All Jobs)	**102,336**	**124,627**	**+22,290**

Source: GLA Economics 2022, BRES 2022/Lichfields analysis (Totals rounded)

Scenario 1B: Experian Forecast: June 2024

5.14 Employment growth forecasts for RBG were obtained from Experian (June 2024 release). These take account of regional and national macroeconomic assumptions prevailing at the time as summarised below.

Experian Forecast Assumptions: June 2024

Data releases this month points further at a mixed performance through 2024. ONS data for April shows that GDP remained stagnant compared to 0.4% growth in March, and by 0.6% in the three months to March.

Moreover, domestic energy costs have reduced substantially from the highs of spring 2023 helping to reduce inflation, however robust wage growth has resulted in service inflation to stay elevated. Furthermore, stronger than anticipated GDP growth in the 3 months to May highlights the robustness of consumers and businesses as they navigate the high borrowing cost environment. Against this backdrop, we expect the Bank of England will reduce the base rate in Q3 2024.

The labour market showed further signs of cooling in the three months to April. The unemployment rate continued to climb, up by 0.4pp from the previous quarter, but remains historically low, at 4.4%. However, annual pay growth held strong across both private and public sector, as 5.8% and 6.4%, respectively. The easing of inflationary pressures coupled with strong year-on-year pay growth has pushed back the date at which the market expects rate cuts sightly.

Nevertheless, given the improvement in the soft indicators and strength in the official data for the first quarter of the year our forecast for annual growth in GDP for 2024 is 0.8%. The performance remains constrained by the unfavourable base effects linked to the 2023H2 recession and tight public finances. Elevated interest rates and high tax rates also tighten consumer spending and economic activity in the short-medium term.

Further detail is contained in Appendix 4

5.15 The Experian forecast implies a scale of growth for RBG over the period to 2037 equivalent to an increase of 21,900 workforce: or 1,460 jobs on average per annum. Table 4.3 shows the projected employment change between 2022 and 2037.

Table 4.3 Labour Demand (June 2024) Forecast, Jobs Change in RBG, 2022-2037

Type of space	Number of Jobs		Change
	2022	2037	
Office Jobs E(g)(i)/(ii)	12,029	13,848	+1,819
Light industrial Jobs E(g)(iii)	14,054	16,454	+2,400
General Industrial Jobs B2	1,802	1,952	+150
Distribution Jobs B8	6,002	7,727	+1,725
Employment Uses	**33,887**	**39,981**	**+6,094**
Total	**101,300**	**123,200**	**+21,900**

Source: Experian (June 2024)/ Lichfields analysis

5.16 As shown above, jobs in employment uses (office-light industrial-industrial-distribution) are expected to grow by 6,094 jobs in the period to 2037 or by an average of 406 jobs per annum. This is primarily driven by the growth in light industrial-based sector jobs which is expected to increase by +2,400 jobs, while office is expected to increase by 1,819 jobs, followed by 1,725 jobs in distribution sectors and 150 jobs in industrial sectors.

5.17 Table 4.4 highlights the sectors under this scenario that will see the highest and lowest change in absolute figures across the Plan period, with a full breakdown of the baseline job growth by sector (i.e.. 38 sectors, including non-employment sectors) presented in Appendix 3[37].

[37] It is important to note that for both Scenario 1A and 1B, the same assumptions have been applied to allocate jobs to use classes. These assumptions are based on discussions and consultations with stakeholders and property agents regarding the types of premises occupied by various sectors within RBG.

Table 4.4 Employment Change by Sector, Scenario 1B, 2022-2037 (June 2024 Forecast)

Sector	Use Class	Forecast Change in Workforce Jobs 2022-2037	
		No	%
FASTEST GROWING EMPLOYMENT SECTORS			
Accommodation & Food Services		+3,800	+40%
Health		+3,700	+34%
Land Transport, Storage & Post		+2,200	+33%
Retail		+1,800	+18%
Education		+1,800	+14%
Residential Care and Social Work		+1,300	+23%
Professional Services		+1,300	+22%
Manufacturing of Printing and Recorded Media		-100	-33%
Manufacturing of Food, Drink & Tobacco		-100	-20%

Source: Experian (June 2024)/ Lichfields analysis

GREEN= Employment use class sector **ORANGE**= Partial use class sector **RED**: Non-employment use class

5.18 According to the Experian forecasts, the fastest growing employment sectors include non-employment use class sectors such as Accommodation & Food Services (+40%), Health (+25%), Retail (18%) and Education (14%), aligning closely with the GLA Projections findings. Surprisingly, Land Transport, Storage & Post a sector associated with distribution B8 floorspace is projected to increase by 2,200 jobs over the plan period. Meanwhile, professional services are expected to grow by 1,300 jobs over the plan period. Conversely, manufacturing services are the only sector projected to see a decline in employment over the plan period of approximately 100 jobs.

Converting Employment Change to Space Requirements

5.19 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures[38] for employment space, which take account of trends in occupancy for the different employment uses. The following average ratios have been applied:

- Offices (E(g)(i)/(ii)): 1 workforce job per 12.5 Gross External Area (GEA) sq.m
- Light industrial (E(g)(iii)): 1 workforce job per 47 (GEA) sq.m

[38] Homes and Community Agency (2015), 'Employment Density Guide 3rd Edition'

- General industrial (B2): 1 workforce job per 37.8 (GEA) sq.m and
- Warehousing (B8): 1 workforce job per 65 GEA sq.m for smaller scale warehousing units which based on VOA analysis account for 90% of the stock, 1 workforce job per 71 sq.m for medium scale accounting for 5% of the stock and 1 workforce job per 87.5 sq.m for the very large units that account for 5% of the stock.

5.20 These assumptions are based on the latest official guidance on job density ratios last produced by the Homes and Communities Agency (Homes England)[39] in 2015. This guidance takes account of trends such as changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. They all relate to Gross External Area (GEA). Clearly, these employment densities are somewhat dated and may be publicly updated in due course. In the meantime, it is important for the Council (potentially in partnership with GLA and/or neighbouring authorities) to monitor current and future employment densities to provide empirical evidence. Such evidence may be required to update future revisions to employment floorspace forecasts.

5.21 An allowance of 8% of the additional floorspace needed is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space. Where a reduction in jobs is forecast, the associated negative floorspace is halved. This reflects that while there may be ongoing manufacturing job losses (e.g., as firms make greater use of automation), it does not automatically follow that all of the existing employment floorspace will be lost. On this basis, Table 4.5 presents the net employment requirements in relation to the two labour demand scenarios.

5.22 Table 4.5 indicates that Scenario 1A: GLA Projections shows a net employment need requirement of 251,400 sq.m, which is lower than Scenario 1B: Experian Labour Demand, which highlights an overall need of 276,150 sq.m. It is important to note that the GLA Projections are based on data released in 2022, whereas Experian provides quarterly updates, offering a more recent perspective on the employment need requirements for RBG.

Table 4.5 Net Employment Floorspace Requirements in RBG, Labour Demand Scenarios, 2022-2037

Type of space	Scenario 1A: GLA Projections (2022) Labour Demand	Scenario 1B: Experian Labour Demand (2024)
Office Jobs E(g)(i)/(ii)	40,076	24,559
Light industrial Jobs E(g)(iii)	130,455	121,811
General Industrial Jobs B2	18,191	6,017
Distribution Jobs B8	62,677	123,766
Total	**251,400**	**276,150**

Source: Lichfields analysis

[39] HCA (2015), Employment density guide 3rd edition

2. Past Development Rates

5.23 Monitoring data on past completions by employment use between 2013 and 2022 (i.e. 10-year period) in the Borough was provided by the Council and drawn from the London Development Database (LDD). During this period, average annual net completions for employment uses in RBG amounted to a loss/gain of around 4,900 sq.m of employment floorspace. Gross completions were higher at an average of 13,310 sq.m each year, although these mask losses of employment space that have occurred over the monitoring period.

5.24 Office E(g)(i)(ii) achieved the highest net annual completions. However, it's worth noting that about 42% of the net office floorspace completed between 2013 and 2022 was concentrated across seven sites within the Greenwich Peninsula. The remaining 58% was delivered in other parts of RBG, mainly in Woolwich Riverside and Abbey Wood, with the largest office floorspace completion occurring at Woolwich Riverside's Royal Arsenal on Plumstead Road (ref 00/1324/O), which added 16,393 sq.m of net office space.

5.25 Approximately 80% of net B8 floorspace completions were due to a single project at 20 Bugsby's Way, Charlton, Parcelforce Worldwide (ref 14/3007), which involved the refurbishment and extension of two Class B8 trade warehouses, adding 11,108 sq.m. In contrast, most of the light industrial and B2 floorspace losses occurred at the River Gardens, Greenwich Wharf site (ref 14/0460), where 3,040 sq.m was lost on the Greenwich Peninsula due to redevelopment into a mixed-use scheme that included office space. As noted by consultation with agents, RBG has seen a high loss of light industrial and B2 floorspace for the redevelopment of mixed-use schemes across the Royal Borough.

Table 4.6 Annual Net Completions of Employment Space in RBG, 2013-2022

Type of Space	Net Annual Completions	Gross Annual Completions
Office E(g)(i)(ii)	3,480	6,730
Light industrial E(g)(iii) and Industrial B2	24	656
Distribution B8	1,390	5,930
Employment uses	**4,590**	**13,320**

Source: GLA, LDD (2020)/RBG (2022)/ Lichfields analysis (Figures rounded)

5.26 One view of future growth in RBG could assume that these past development trends carry on in the future. Over the Local Plan period, Scenario 2A using the Council's and LDD monitoring data would equate to an overall increase of 73,410 sq.m of employment space.

Table 4.7 Net Employment Space Requirement: Past Development Rates in RBG, 2022-2037

Type of Space/ Use Class	Scenario 2: Past Trends Monitoring Data	
	Net Annual Floorspace Change	Floorspace Requirement (GEA sq.m)
Office E(g)(i)(ii)	3,480	52,200
Light industrial E(g)(iii) and Industrial B2	24	360
Distribution B8	1,390	20,850

Type of Space/ Use Class	Scenario 2: Past Trends Monitoring Data	
	Net Annual Floorspace Change	Floorspace Requirement (GEA sq.m)
Employment uses	**4,590**	**73,410**

Source: GLA, LDD (2020)/RBG (2022)/ Lichfields analysis (Figures rounded)

5.27 In addition, consideration has been given to floorspace trends in RBG based on Valuation Office Agency (VOA) data and CoStar commercial property market data in the form of net absorption rates[40] (Table 4.8) across the same period.

5.28 VOA data over the last 10 years shows a modest increase in industrial space and a higher increase in office space. Across the same period, CoStar records a net positive absorption rate for office space of 2,227 sq.m per annum, annual decline of -255 sq.m of light industrial and industrial space and an annual decline of -1,998 sq.m of distribution floorspace. It should be noted that the net absorption rate is a different measure from the take up presented in Section 4.0. Net absorption is defined by CoStar as the measure of total space occupied ('move-in') less the total space vacated ('move-out') over a given period of time. Lease renewals are not factored into net absorption but are included in the 'take-up' measure presented in Section 4.0.

Table 4.8 Annual Floorspace Change in RBG, 2013-2022

Type of Space/Use Class	Annual Floorspace Change (VOA, 2023)	Annual Net Absorption (CoStar, 2024)
Office E(g)(i)/(ii)	+1,100	+2,227
Light industrial E(g)(iii) and Industrial B2	+200	-255
Distribution B8		-1,998
Total	**+1,300**	**-25**

Source: VOA (2023)/ CoStar (2024)/ Lichfields analysis

5.29 The greatest variation noted between VOA and CoStar data lies within the reporting of industrial floorspace. Table 4.9 highlights CoStar's net absorption across the last 10 years 2013-2022, which shows a significant decline in industrial and distribution net absorption throughout the course of the pandemic (2020-2022). This is particularly significant in 2021 where industrial saw a net absorption of -5,991 sq.m and distribution with a net absorption of -30,250 sq.m, showcasing a higher rate of tenants moving out of spaces compared to moving in.

Table 4.9 CoStar Net Absorption, 2013-2022 (sq.m)

Year	Light Industrial and Industrial Net Absorption	Distribution Net Absorption
2013	2,459	11,152
2014	1,366	8,990
2015	270	-1,781

[40] The measure of total space occupied less the total space vacated per annum over a given period of time. Lease renewals are not factored into net absorption.

Year	Light Industrial and Industrial Net Absorption	Distribution Net Absorption
2016	1,121	3,450
2017	-2,523	-6,006
2018	276	-7,521
2019	-563	2,337
2020	1,428	-2,505
2021	-5,991	-30,259
2022	-389	2,168

Source: CoStar (2024)

5.30 A review of vacant available space, which includes the space marketed as available from 2013 to 2022, shows that light industrial and industrial floorspace had an average vacancy rate of 1.5%, while distribution space averaged 2.6%. Despite both sectors experiencing negative net absorption rates, their vacancy rates remained below the 8% market equilibrium, indicating that there is still demand in the market despite the negative net absorption.

5.31 Table 4.10 presents two scenarios as sensitivity tests: the VOA scenario, which projects an overall floorspace requirement of 19,500 sq.m over the plan period, and the CoStar scenario, which indicates a decline of -380 sq.m in employment needs over the same period. Consequently, the Council's Monitoring Data, together with the London Development Database, offers a more robust perspective on the local authority's past trends and will be the past trends scenario carried forward.

Table 4.10 Net Employment Space Requirement: Past Development Rates in RBG, 2022-2037

Type of Space/ Use Class	Scenario 2B: VOA		Scenario 2C: CoStar Net Absorption	
	Net Annual Floorspace Change	Floorspace Requirement (GEA sq.m)	Net Annual Floorspace Change	Floorspace Requirement (GEA sq.m)
Office E(g)(i)/(ii)	1,100	16,500	2,227	33,402
Light Industrial E(g) (iii) and Industrial B2	200	3,000	-255	-3,820
Distribution B8			-1,998	-29,964
Total	**1,300**	**19,500**	**-25**	**-380**

Source: GLA, LDD (2020)/RBG (2022)/ Lichfields analysis (Totals rounded)

3. Labour Supply

5.32 This third scenario considers how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in RBG. In contrast to the labour demand approach, it focuses on the future supply of labour rather than the demand for labour. It then estimates the amount of new jobs needed to match the future supply of working-age population, and how much employment space would be needed to accommodate the office, industrial and distribution component of future job growth.

5.33 At the time of writing, Opinion Research Services (ORS) is undertaking work for the Council to assess the housing need for the Royal Borough. As part of this, population and household projections have been produced and provide the basis for projecting the future growth in labour supply over the Local Plan period in relation to a housing figure of 4,077 dpa.

5.34 Table 4.11 below outlines the additional jobs that could be supported by this projected population growth in RBG. The proportion of jobs within office, industrial and distribution sectors assume the same shares as the Labour Demand Scenario Experian forecast analysis (as presented in Scenario 1B above).

Table 4.11 Labour Supply Job Requirements (2022-2037)

Indicator	Total change (2022-2037)
Total population	98,946
Economically active population (16-64)	57,164
Working Labour Supply (Total jobs)[41]	38,479
Office Jobs E(g)(i)/(ii)	3,196
Light industrial Jobs E(g)(iii)	4,216
General Industrial Jobs B2	264
Distribution Jobs B8	3,031
Total Office, Industrial and Distribution Jobs	**10,708**

Source: ORS/Lichfields analysis

5.35 This shows that the supply of labour could support 38,479 workplace jobs between 2023 to 2037, with around 10,708 jobs being in sectors associated with office, industrial and distribution floorspace.

5.36 These jobs can be translated into estimate requirements for employment space by applying the same employment densities as used in Scenario 1 and adding an 8% vacancy allowance to positive floorspace.

Table 4.12 Labour Supply Net Employment Floorspace Requirements (2023-2037)

Use	Employment Floorspace (GEA sq.m)
Office Jobs E(g)(i)/(ii)	43,151
Light industrial Jobs E(g)(iii)	214,026
General Industrial Jobs B2	10,573
Distribution Jobs B8	217,461
Total	**485,210**

Source: Lichfields analysis Note: totals rounded

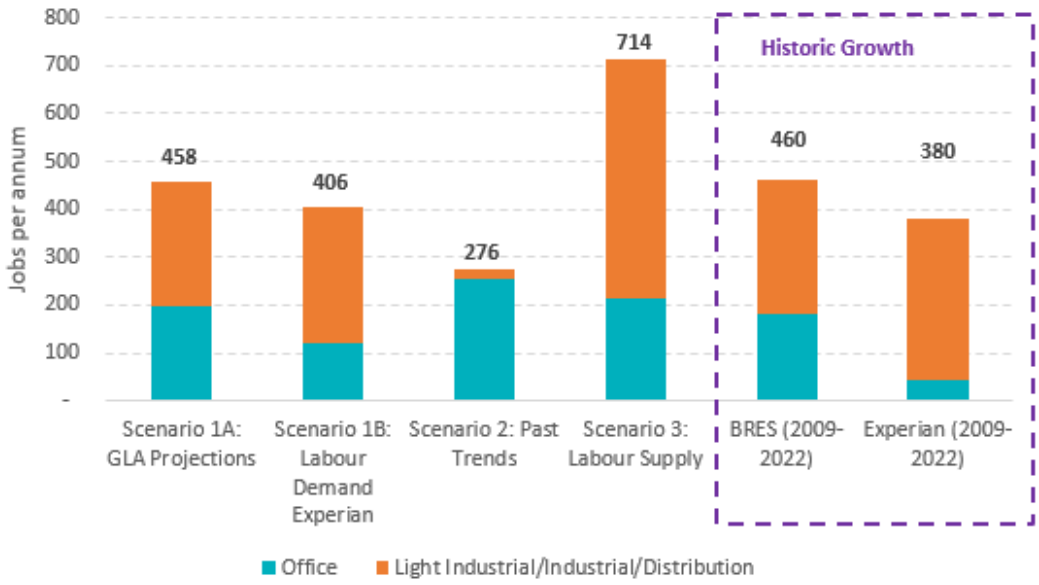
Employment Growth Comparisons

5.37 Given the range of potential requirements implied by the different scenarios, it is useful to compare the employment growth implied by these scenarios with the historic employment growth in RBG as recorded by BRES and Experian data.

[41] ORS have provided the population and economically active population projections. To estimate the total jobs the latest jobs density count (ONS, 2022) for Greenwich has been applied to the economically active jobs to estimate the total jobs.

5.38 Figure 4.1 shows the forecast annual jobs growth per scenario. In this context the lowest estimate is based on the past trends Scenario 2A (Monitoring Data) which implies an annual increase of 276 jobs per annum over the plan period. The highest growth estimate is based on the Labour Supply Scenario 3 which implies a growth of 714 jobs per annum. The Labour Demand scenarios imply growth of between 458 jobs (Scenario 1A: GLA) and 406 jobs (Scenario 1B: Experian), which are closer estimates to the historic growth.

Figure 4.1 Annual Employment Growth Comparison with Historic Growth



Source: BRES, Greenwich Council, Experian/Lichfields analysis

Net to Gross Employment Requirements

5.39 Drawing together the results from each of the future economic scenarios considered above, Table 4.13 summarises the net employment floorspace requirements across the plan period to 2037.

Table 4.13 Net Employment Requirements in RBG, 2022 to 2037 (sq.m)

Type of Space/ Use Class	Scenario 1A: GLA Projections	Scenario 1B: Labour Demand Experian	Scenario 2: Past Trends	Scenario 3: Labour Supply
Office Jobs E(g)(i)/(ii)	40,080	24,560	52,200	43,150
Light industrial Jobs E(g)(iii)	130,450	121,810	360	214,030
General Industrial Jobs B2	18,190	6,020		10,570
Distribution Jobs B8	62,680	123,770	20,850	217,460
Total	**251,400**	**276,160**	**73,410**	**485,210**

Source: Lichfields analysis Note: rounded figures to the nearest 10th

Contingency

5.40 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a 'safety margin' to provide a degree of contingency for delays in some sites coming forward for development. There is a need to ensure a reasonable, but not over-generous, additional allowance that provides for some flexibility but avoids over-provision of land through policy. However, it also needs to reflect that there may be potential delays in some of the development sites coming forward for development.

5.41 It is typical to use two years of net take-up, however, in cases where this is negative, and therefore it would produce a negative margin, the gross annual rate is applied. Overall, this safety margin appears an appropriate level relative to the estimated scale of the net requirements. Table 4.14 presents the margins applied for the purposes of this assessment based on the Council's monitoring data.

Table 4.14 Safety Margin Allowance (sq.m)

Type of Space/ Use Class	Contingency
Office Jobs E(g)(i)/(ii)	6,960
Light industrial Jobs E(g)(iii)	24
General Industrial Jobs B2	24
Distribution Jobs B8	2,780
Total	**9,788**

Source: GLA, LDD (2020)/RBG (2022)/ Lichfields analysis

Losses

5.42 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of the lost employment space that may be developed for other, non-employment uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost.

5.43 There are typically four approaches to calculate the level of this allowance, including:

1 Forecast the quantity of floorspace that will be lost in future and assume that a proportion of this space will need to be replaced. The limitation is that there is no definitive way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the Council needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.

2 Make an overall adjustment to the preferred scenario to give an allowance for replacement. This is a simple but transparent approach which relies on making a fairly broad assumption.

3 Monitor the loss of employment space through regular reviews in the Local Plan thereby avoiding the need to make assumptions about the future loss of employment space. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by

increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some years to come forward.

4 As part of the employment evidence the Council undertakes a qualitative assessment of existing employment sites, to identify those which could be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.

5.44 The fourth approach, in which the Council specifically identifies employment sites and areas that may be lost to other uses in the future, is generally considered the most robust way of dealing with losses. The qualitative assessment of existing large employment areas is an important element of the evidence base. As well as policies and decisions regarding new development sites, this evidence can inform policies on the safeguarding or release of existing employment sites. Without such policies, there is a risk of losing employment land to other uses which may be desirable to safeguard. Conversely, they also risk protecting sites which do not merit protection, because they are no longer suitable or commercially attractive for employment. The Council will also need to consider the potential needs for housing and how to balance those needs against employment requirements which can be informed by this study.

5.45 Based on the review of the employment supply, alongside the rest of the emerging evidence that will support the new Local Plan, a qualitative review of employment supply of the large sites in RBG is covered in later sections of this report. At this stage no loss allowance has been assessed, this may need to be reconsidered if the new Local Plan considers loss of employment land. Furthermore, the analysis in section 4.0 of past demolitions of office and industrial premises recorded by CoStar indicates that losses have been relatively modest when the circumstances of a few particular sites are accounted for. On this basis, no loss allowance has been added to the gross employment requirements set out above. However, the supply position does take into account sites that are recommended for release and are factored into the demand and supply balance found later in this report.

Gross Employment Requirements

5.46 Summarising the above, Table 4.15 presents the gross employment floorspace requirements to 2037 across all the scenarios assessed in this section.

Table 4.15 Gross Employment Space Requirements in RBG, 2022 to 2037 (sq.m)

Type of Space/ Use Class	Scenario 1A: GLA Projections	Scenario 1B: Labour Demand Experian	Scenario 2: Past Trends	Scenario 3: Labour Supply
Office E(g)(i)/(ii)	47,040	31,520	59,160	50,110
Light industrial E(g)(iii)	130,480	121,835	410	214,050
General Industrial B2	18,215	6,040		10,600
Distribution B8	65,460	126,545	23,630	220,240
Total	**261,195**	**285,940**	**83,200**	**495,000**

Source: Lichfields analysis Note: figures rounded

Land Requirements

5.47 The above floorspace requirements can be translated to indicative land requirements by applying appropriate plot ratio assumptions as below:

- **Offices:** 30% of new floorspace would be in lower density, business park developments with a plot ratio of 0.55[42], with 70% in higher density town centre locations at a plot ratio of 2.0; and
- **Light Industrial, Industrial and Distribution:** plot ratio of 0.55 is applied across all these uses. This is the plot coverage estimated in RBG for industrial core uses set out in the GLA's London Industrial Land Supply Study 2020[43].

Table 4.16 Indicative Gross Employment Land Requirements in RBG, 2022 to 2037 (ha)

Type of Space/ Use Class	Scenario 1A: GLA Projections	Scenario 1B: Labour Demand Experian	Scenario 2: Past Trends	Scenario 3: Labour Supply
Office E(g)(i)/(ii)	4.2	2.8	5.3	4.5
Light industrial E(g)(iii)	23.7	22.2	0.08	38.9
General Industrial B2	3.3	1.1		1.9
Distribution B8	11.9	23.0	4.3	40.0
Total	**43.1**	**49.1**	**9.7**	**85.4**

Source: Lichfields analysis Note: totals rounded

5.48 A higher density scenario has also been evaluated in accordance with Policy E7 on Industrial Intensification, as outlined in the London Plan[44]. This policy encourages the intensification of business uses within Use Classes E(g)(iii), B2, and B8 across all categories of industrial land. Intensification can be achieved through the introduction of smaller units, multi-storey developments, the addition of basements, reduction of car parking space and more efficient land use through higher plot ratios, while considering operational yard space requirements (including servicing) and mitigating impacts on the transport network where necessary. Applying a higher plot ratio of 65% to light industrial, industrial, and distribution uses would result in the following land requirements.

[42] It is assumed that Business Parks in Greenwich will have a similar plot ratio in line with the plot coverage for industrial core uses (including light industrial) for Greenwich set out the GLA London Industrial Land Supply Study.
[43] GLA (2023), London Industrial Land Supply Study 2020. Available online at: https://data.london.gov.uk/dataset/london-industrial-land-supply-study-2020
[44] Mayor of London (2021), London Plan 2021. Available online at: https://www.london.gov.uk/programmes-strategies/planning/london-plan/new-london-plan/london-plan-2021

5.49

Table 4.17 Indicative Gross Employment Land Requirements in RBG, 2022 to 2037 (ha) – Higher Density Sceanrio

Type of Space/ Use Class	Scenario 1A: GLA Projections	Scenario 1B: Labour Demand Experian	Scenario 2: Past Trends	Scenario 3: Labour Supply
Office E(g)(i)/(ii)	4.2	2.8	5.3	4.5
Light industrial E(g)(iii)	20.1	18.7	0.06	32.9
General Industrial B2	2.8	0.9		1.6
Distribution B8	9.6	19.4	3.6	33.8
Total	**36.1**	**41.9**	**9.0**	**72.9**

Source: Lichfields analysis Note: totals rounded

5.50 Estimates of potential land required identified in Table 4.16 and 4.17 should be treated as indicative only. In reality, a significant proportion of future need is likely to be met by intensification of existing sites which renders the concept of gross employment land requirements less meaningful. Moreover, in metropolitan areas such as RBG, development densities can vary significantly which adhere less to standard density norms.

Summary

5.51 This section considers four scenarios to help provide guidance on the future level of employment land provision required for the borough and to inform allocations and policies in new Local Plan. The employment requirements vary from 83,200 sq.m (Scenario 2) to 495,000 sq.m (Scenario 3).

5.52 The office space requirements show a relatively narrow range, between 31,520 sq.m (Scenario 1B) and 59,160 sq.m (Scenario 2). The highest requirement arising from Scenario 2 reflects the office completion rates in the Royal Borough over the past decade. The high development rates have been driven by large regeneration projects in Greenwich Peninsula and Woolwich Riverside and market signals continue to suggest robust demand for office space in the Royal Borough albeit not notably for large corporate occupiers. Indeed, engagement with stakeholders and agents highlighted that the majority of requirements are driven by SMEs who require smaller and flexible spaces. It was also noted that many businesses operate in flexible E Class workspace environments, meaning that office and light industrial needs can be combined into a single requirement. Considering all factors, the 31,520 sq.m of office space (E(g)(i)/(ii)) from Scenario 1B Labour Demand (Experian) is regarded as a sufficient minimum requirement for the Royal Borough's office floorspace needs.

5.53 For light industrial uses, the range is broader, from 410 sq.m (Scenario 2) to 214,050 sq.m (Scenario 3). Scenario 2, based on past trends, offers the lowest minimum requirement, mainly explained by significant losses of light industrial and industrial space over the last decade in RBG. However, market analysis and stakeholder engagement suggest strong demand for flexible light industrial spaces, particularly workspace for small occupiers, including those in creative industries. As a result, a higher requirement in line with Labour Demand scenarios is deemed more appropriate. A minimum of 121,835 sq.m of light industrial floorspace (E(g)(iii)) is recommended to meet demand over the plan period, with flexibility for E(g)(i)/(ii) and small B8 occupiers.

5.54 For industrial spaces, the range is relatively narrow from 410 sq.m (Scenario 2) to 18,215 sq.m (Scenario 1A). Overall, it is noted that B2 industrial space is declining across the Borough, with more emphasis on light industrial use classes and distribution occupiers. As a result, a minimum requirement of 6,040 sq.m of industrial B2 floorspace is recommended to meet requirements across RBG.

5.55 For distribution uses, the range is much broader, from 23,630 sq.m (Scenario 2) to 220,240 sq.m (Scenario 3). Market analysis and consultations revealed strong demand for distribution space, particularly for last-mile logistics. RBG's strategic location as an Inner London Borough with access to central London, combined with the availability of large warehouses, attracts many occupiers, including smaller businesses seeking storage. Furthermore, the latest NPPF, specifically paragraph 86c, emphasizes that planning policies should give particular consideration to the requirements of a modern economy, which includes data centres, digital infrastructure, and freight and logistics. To continue meeting demand for logistics and supporting the wider economy, a minimum of 65,460 sq.m of distribution space is recommended, as set out in Scenario 1A (GLA Projections).

5.56 On this basis, a total requirement of 224,855 sq.m is recommended as a reasonable starting point as the minimum employment space requirement that the Local Plan should seek to provide for to 2037. This is broken down by use class as 153,355 sq.m for Class E E(g)(i)/(ii)/(iii), 6,040 sq.m for industrial B2 space and 65,460 sq.m of B8 space.

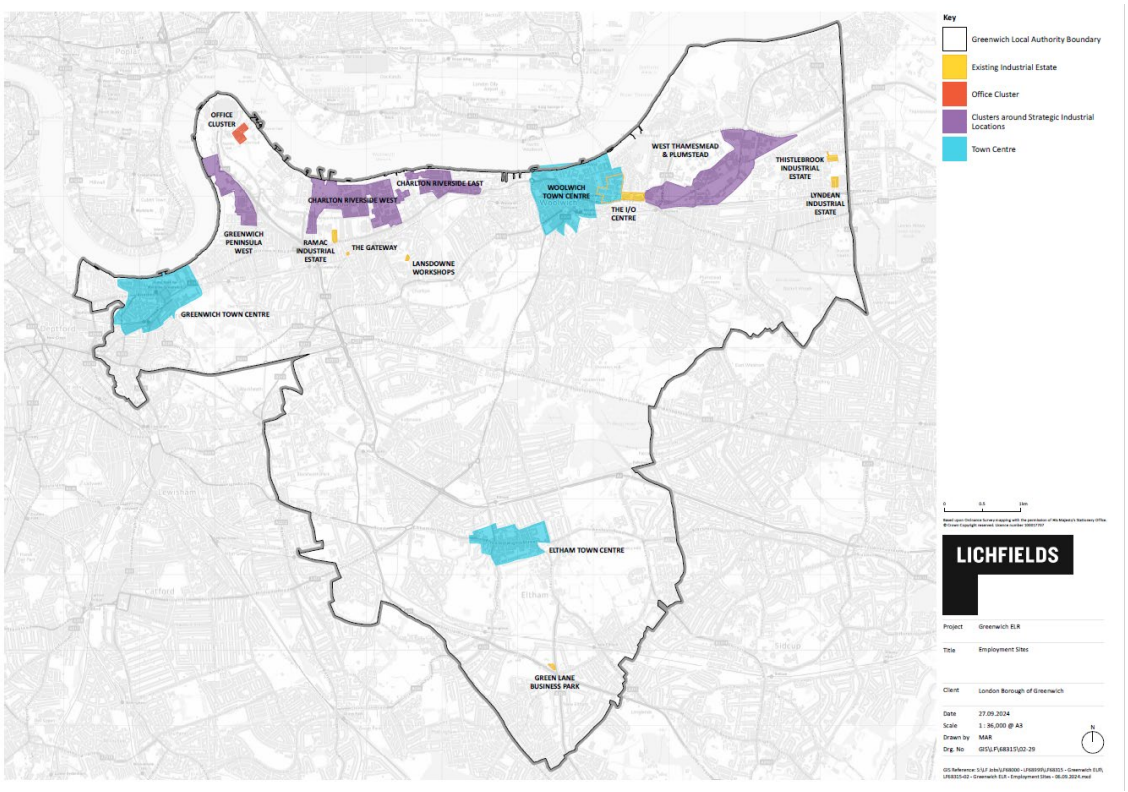
6.0 Review of Employment Land Supply

Employment Sites Overview

6.1 This section provides an assessment of employment land in RBG by reviewing the characteristics and quality of existing and allocated employment sites and their suitability to meet future employment development needs.

6.2 The assessment reviewed four key clusters which surround the four Strategic Industrial Locations (SILs), three town centre areas and six existing industrial sites and one office cluster as part of the supply position, as shown in Figure 5.1.

Figure 5.1 Employment Cluster Overview Map



Source: Lichfields

6.3 Table 5.1 sets out the criteria used to assess sites across a variety of critical metrics, including accessibility, proximity to local labour and services, occupancy/vacancy, market attractiveness, constraints and opportunities for intensification. Appendix 5 sets out in detail how the sites have been based on the site assessment criteria.

Table 5.1 Site Assessment Criteria

Assessment Criteria	Key Considerations	Scoring (1 to 5)
Site overview	• Existing land use • Current and recent planning applications	5 = Very good: easy access to strategic road junction via good unconstrained roads; free moving good roads avoiding residential areas or congested

Assessment Criteria	Key Considerations	Scoring (1 to 5)
	• Accessibility (strategic and local road, pedestrian, cycling routes, public transport) • Proximity and access to labour supply and services	network; unconstrained vehicle access to the site with good visibility/lack of queuing; close access to range of town centre public transport services; wide range of town centre services nearby. 1 = Poor: away from or limited access to strategic road network, and/or through constrained/local roads, and/or through town centre or residential areas; low level/limited range/infrequent public transport services nearby, remote isolated site, no local services or residential areas nearby
Current characteristics and attractiveness	• Occupancy type, mix and vacancy rates • Employment provision • Existing buildings' typology, features and condition • Parking availability • Market attractiveness	5 = Very good: high profile/high quality appearance, managed site; good environment and quality of occupiers; under 8% vacant; viewed as attractive by agents/occupiers; recent investment/development activity, strong demand, units rarely available. 1 = Poor: run-down unattractive appearance/location; attracts lower end users and over 25% vacant space/buildings; vacant units not marketed; no recent investment; units remain vacant for lengthy period
Constraints	• Site constraints including access, utilities, flooding, contamination • Proximity to incompatible uses • Factors that would constrain development for employment uses such as availability, site area and layout, infrastructure	5 = Very good: generally level site, regular shape, over 3 ha in size; low flood risk (Zone 1); no conservation or landscape constraints on scale of development; no adverse ground conditions or abnormal development costs; no other significant constraints on new development.

Assessment Criteria	Key Considerations	Scoring (1 to 5)
		1 = Poor: sloping/uneven site; under 0.5 ha, irregular/narrow shape, other severe constraints; within flood risk Zone 3; conservation or landscape constraints on scale of development; adverse ground conditions or abnormal development costs.
Opportunities for intensification	Opportunities including potential for intensification / more efficient use of land or re-development and potential for designation as LSIS	Identify any planning designations or policy constraints that could affect development of the site for employment use, as well as planning applications/consents.

Site Assessments

6.4 **Greenwich Peninsula West (20.8 ha)** – Greenwich Peninsula West is a large strategic industrial site located on the banks of the Thames, just south of the O2 and northeast of Greenwich town centre. The site is largely in industrial and warehousing use and benefits from good local and strategic accessibility due to its close proximity to the A102, heading south towards the A2, which provides access to the M25 motorway.

6.5 The site is also well located in terms of access to the local labour market and associated services, situated just north of large residential areas of Greenwich. North Greenwich underground station is located to the north of the site, while Westcombe Park and Maze Hill train stations are both situated around 1 km to the south. Industrial and warehousing units on site are mostly occupied and largely in good condition, with good parking provision across the site and a high level of overall market attractiveness. There are residential areas to the south of the site, which would fall under incompatible uses due to the nature of the site.

6.6 There is also a large parcel of underutilised land at the north of the site measuring approximately 3 ha in size, which provides a significant opportunity for further industrial intensification. This area forms part of the Victoria Water Deep Water Terminal site, which was granted planning permission in 2019 (16/3478/F) for redevelopment to include a concrete tunnel segment manufacturing facility and two enclosed concrete batching plants.

6.7 There is a pending planning application at Enderby Place (23/3911/F) overlapping the site boundary for a proposed 564 residential units, as well as light industrial floorspace, community floorspace and associated landscaping and public realm works.

Figure 5.2 Greenwich Peninsula West

Source: Lichfields

6.8 **Charlton Riverside West (53 ha)** – Charlton Riverside West is a large strategic industrial area located on the south bank of the Thames, just southwest of the Thames barrier and midway between Greenwich and Woolwich town centres. The site is largely in storage and distribution use, with some smaller industrial and light industrial units scattered across the site. The western area of the site is largely occupied by heavy industrial uses including concrete, asphalt and aggregate manufacturers.

6.9 The site benefits from good local accessibility via Bugsby's Way and has good strategic accessibility via the A102 to the west. The site is located north of large residential areas of Charlton, and the southern boundary of the site is approximately 150 metres from Charlton train station. Occupiers on site largely fall under warehousing and industrial uses, however there are some smaller mixed uses including retail and quasi-retail units.

6.10 The site is well occupied but units across the site are mixed in terms of quality, condition and age, with some larger and higher-grade warehousing units present across the site. The site benefits from good overall parking provision and is mostly uncongested in terms of traffic use, with a good level of overall market attractiveness. There are poorly compatible residential uses to the south of the site. The majority of the site is high density with little opportunity for industrial redevelopment. There is a planning application at Unit C, Anchorage Point, (23/3224/F) within the site boundary for a change of use from a data centre to a flexible use including provision of class B8 (storage & distribution) and/or light industrial use.

6.11 There was also a planning application (20/0751/EIA) relating to a scoping opinion for a mixed-use residential-led development at Stone Foundries on Woolwich Road, which was approved in April 2020. The application included provision for approximately 1,200 residential units across 7 blocks ranging from 4-10 storeys, alongside 15,000 sq.m of commercial floorspace space including office, light industrial, retail and community uses. This site sits outside of the SIL boundary, and provides a significant opportunity for the future co-location of employment floorspace and residential uses, contributing towards the wider regeneration of the Charlton Riverside area.

6.12 A regeneration strategy and masterplan for the Charlton Riverside Opportunity Area is nearing completion. This emerging masterplan focuses on intensifying employment uses, particularly in areas outside the Strategic Industrial Location (SIL), aiming to revitalise and expand the existing floorspace to support a broader range of employment opportunities, such as office, light industrial, industrial, and distribution uses. This approach aligns with the employment targets set out in the London Plan 2021[45], which projects the potential creation of an additional 1,000 jobs at Charlton Riverside over the next 20–25 years. It also reflects the demand identified in this study, particularly for light industrial and B8 distribution spaces.

6.13 Other relevant planning applications in the Charlton Riverside area include:

- **19/3456/F 40-45 Herringham Road, 55 New Lyndenberg Street –** This application was granted permission in 2022, comprising residential (C3) and flexible employment provision (Class E/F1/F2) including office/light industrial, retail, community and leisure uses, alongside associated infrastructure, open space, landscaping and public realm improvements;
- **20/1924/F Land at Nos. 6, 61-81 and Coopers Yard, Eastmoor Street and Nos. 6 & 10 Westmoor Street –** Granted permission (on appeal) in 2022, the application included demolition of existing structures and erection of buildings between 6 and 9 storeys in height comprising residential units, flexible employment floorspace, flexible retail and community uses alongside associated landscaping, public realm, access and infrastructure works;
- **20/2186 Evelyn House, 5-31 Eastmoor Street –** Originally submitted in 2020 and granted permission on appeal, the application comprised demolition of existing building and construction of a part 4/part 6/part 7 storey building comprising Class C3 residential use and Class B1 business use, with associated amenity and play space, and public realm; and
- **18/0732/F 3 Herringham Road –** Originally submitted in 2018 (re-consultation required following submission of amendments and revised plans, application not yet determined) the application comprised detailed permission for the demolition of existing buildings and redevelopment of the eastern area (Phase 1) comprising residential dwellings, Class E floorspace and public realm improvements, as well as outline permission comprising up to 358 residential units and up to 1,300 sqm of non-residential floor space within Class E, F1 and F2.

[45] Mayor of London (2021),The London Plan- (Table 2.1)

Figure 5.3 Charlton Riverside West

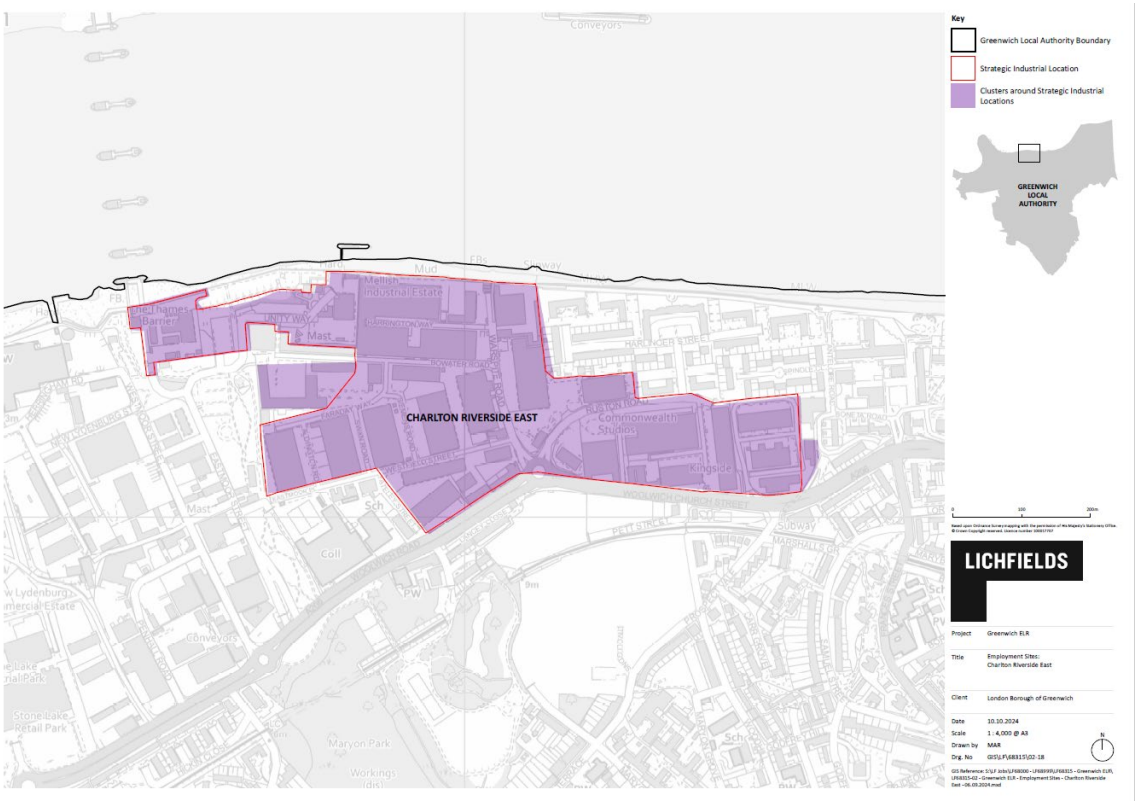
Source: Lichfields

6.14 **Charlton Riverside East (19.2 ha)** – Charlton Riverside East is a large strategic industrial site located on the south bank of the Thames and approximately 1 km West of Woolwich town centre. The site is largely occupied by warehousing uses, with some smaller light industrial units scattered across the site.

6.15 The Thames barrier is located to the north of the site, with the Thames barrier depot and associated management facilities located at the northwest corner of the site. The site benefits from good local and strategic accessibility due to its close proximity to the A206 along its southern boundary. The site is also in close proximity to local labour and services and is approximately 300 metres from Woolwich Dockyard train station. Units across the site are in mixed condition but are largely occupied, with good parking provision and overall market attractiveness.

6.16 There are some incompatible residential uses to the east and south of the site. The site is high density and mostly developed, with little opportunity for industrial intensification. There is a planning application at 1A Warspite Road (24/0059/F) on-site for temporary use to accommodate self-storage units with associated parking.

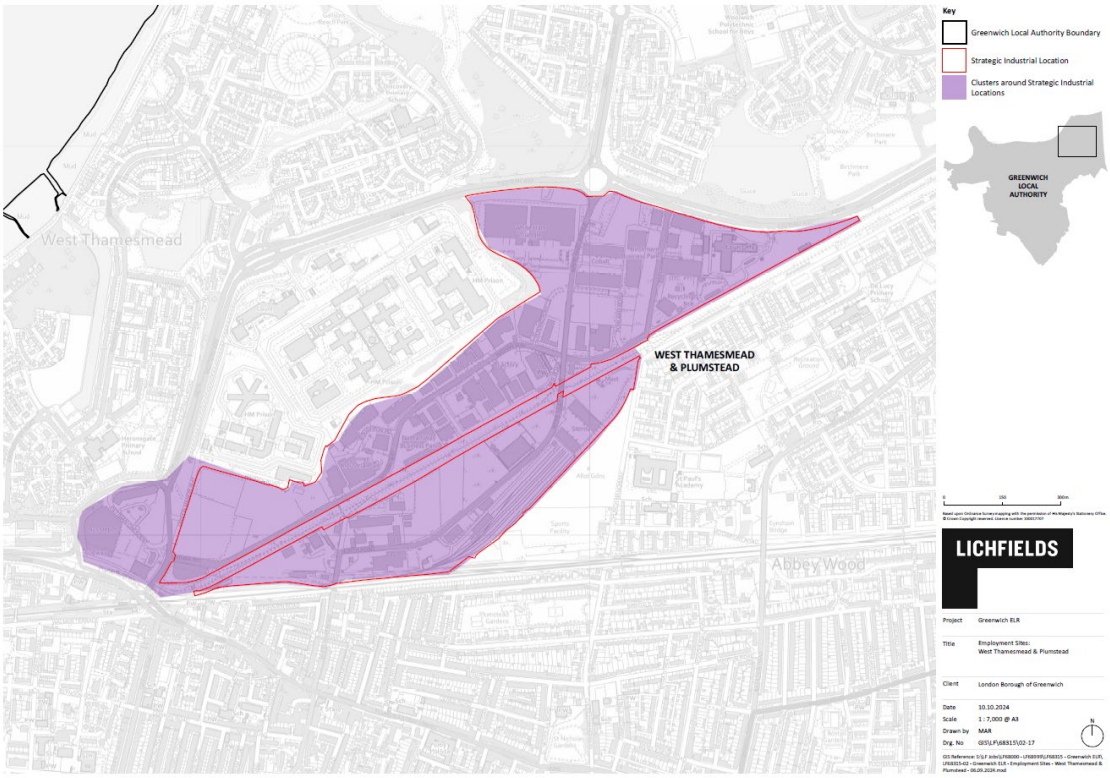
Figure 5.4 Charlton Riverside East



Source: Lichfields

6.17 **West Thamesmead and Plumstead (74.8 ha)** – West Thamesmead and Plumstead is a large strategic industrial site located around 1 km east of Woolwich town centre and immediately south of HMP Belmarsh Prison. The site is in mixed industrial use including storage and distribution, industrial, light industrial and quasi-retail facilities, benefitting from good local and strategic accessibility via the A206 and A2016. The site is located just north of the suburb of Plumstead, and the southern boundary of the site is adjacent to Plumstead train station. Units on site are mixed in terms of quality and age, with some very large warehousing units towards the north of the site. Occupancy across the site is high, with good parking provision and overall market attractiveness. The site is constrained by large residential areas to the west, south and east, with Belmarsh Prison located directly to the north of the site. There is a an underutilised parcel of land to the south of the site, located west of White Hart Road. This parcel measures around 2.4 ha in size and provides significant opportunities for intensification. The adjacent parcel to the north (north of Nathan Way) site was granted permission (19/4398/O) in 2021 for the development of up to 915 residential units, alongside flexible commercial floorspace including retail, office, non-residential institutions and community use. Outline permission was also granted for a further 835 residential units, alongside employment floorspace including light industrial, warehousing and retail uses.

Figure 5.5 West Thamesmead & Plumstead



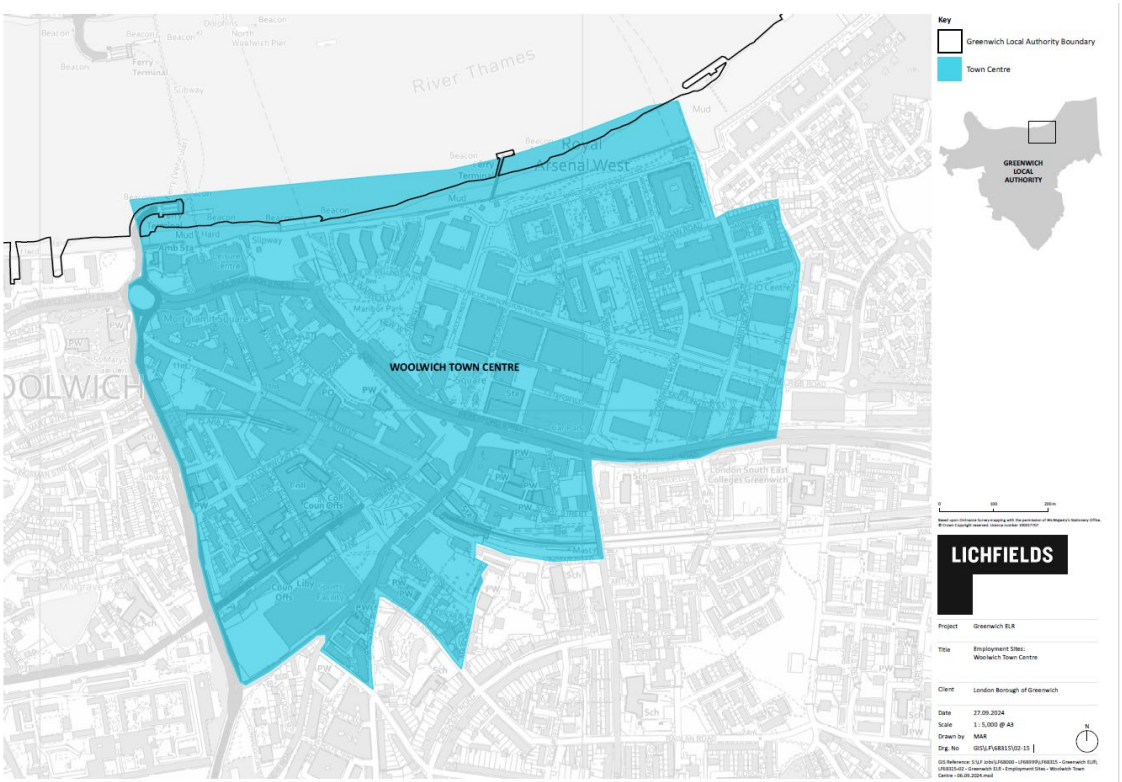
Source: Lichfields

6.18 **Woolwich Town Centre (82.7 ha)** – Woolwich Town Centre is a large mixed use town centre area located on the south bank of the Thames, west of Plumstead and east of the Charlton Riverside area. The town centre is characterised by high density and typical mixed town centre uses such as offices, retail, residential, small pockets of open space and a small quantum of light industrial and warehousing uses. The town centre benefits from close proximity to the A205 but local accessibility is limited due to traffic congestion across the town centre, especially at peak times. Local access is also serviced by Woolwich, Woolwich Dockyard, Woolwich Arsenal and Plumstead stations, which provide a variety of National Rail, DLR and Elizabeth Line services.

6.19 Employment uses across the town centre are largely occupied but have constrained parking provision due to the nature of the town centre. Overall, the area is an attractive location but hosts largely non-employment uses. There is a small cluster of warehousing units towards the east of the town centre, some of which overlaps with the site boundary of the I/O Centre. The town centre is constrained due to its dense and congested town centre location, with a significant quantum of residential units scattered across the town centre. There may be some limited opportunity for intensification of employment uses, for example through change of use from traditional town centre uses to office floorspace, however this is unlikely to make a significant contribution towards the overall employment land supply across the Borough.

6.20 There is a reserved matters application for the Royal Arsenal Riverside development (24/0848/R) on-site for a mixed-use development including up to 663 residential units and 960 sq.m of non-residential floorspace.

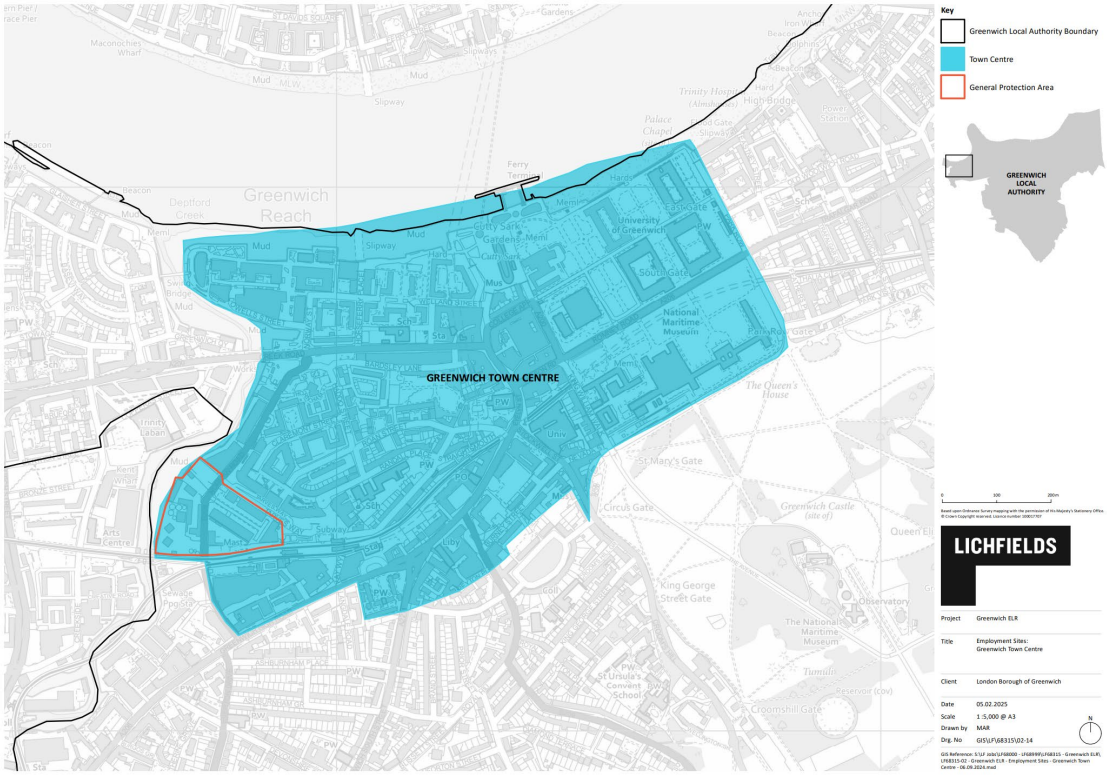
Figure 5.6 Woolwich Town Centre



Source: Lichfields

6.21 **Greenwich Town Centre (62.1 ha)** – Greenwich Town Centre is a large mixed use area located on the south bank of the Thames, east of Deptford and southwest of the Greenwich peninsula. The site is also bordered to the west by Deptford Creek, which converges with the Thames at the northwest corner of the site. The site is characterised by high density and typical mixed town centre uses. The town centre suffers from local congestion, but the site is in close proximity to the A2 which provides good strategic accessibility. Large residential areas of Greenwich surrounding the town centre provide access to local labour and services. Employment uses within the town centre are generally in good condition and occupancy is high. Parking provision is poor however overall market attractiveness of the site is strong. Greenwich station provides National Rail and DLR services north of the Thames and towards Central London. The site is constrained by large residential areas to the west and south, while Greenwich Park and the Prime Meridian sit immediately southeast of the town centre. There may be some opportunities for intensification within the town centre, but these are limited due to the high-density nature of the site. A small industrial cluster is located to the west of the town centre area on Norman Road, approximately 200 metres west of Greenwich station. This area is considered suitable for designation under 'general protection' policy, as outlined in Figure 5.7 below.

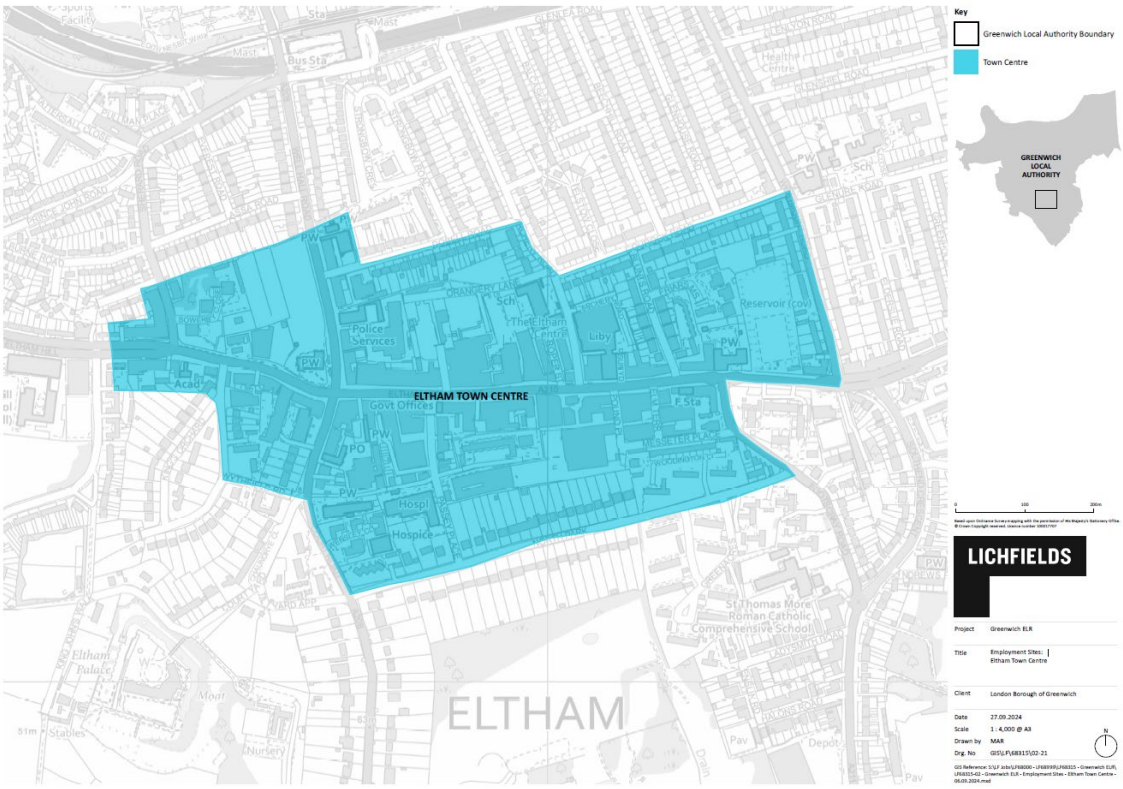
Figure 5.7 Greenwich Town Centre



Source: Lichfields

6.22 **Eltham Town Centre (37.2 ha)** – Eltham Town Centre is a large mixed use town centre area, located northwest of Sidcup and approximately 4 km south of Woolwich. The site is centred along Eltham High Street, which is largely occupied by retail uses. There are also significant residential areas within the town centre boundary, as well as some scattered employment uses including offices and a minimal quantum of light industrial and warehousing/workshop units around the periphery of the town centre. The site benefits from good local and strategic accessibility via the A2 to the north and A20 to the south, while Eltham station sits just north of the town centre. The town centre lacks attractiveness as an employment location. Employment uses within the town centre are generally in mixed condition, with some vacant units. There are very limited opportunities for intensification of employment land across the town centre, with the area largely dominated by typical non-employment uses such as residential and retail.

Figure 5.8 Eltham Town Centre



Source: Lichfields

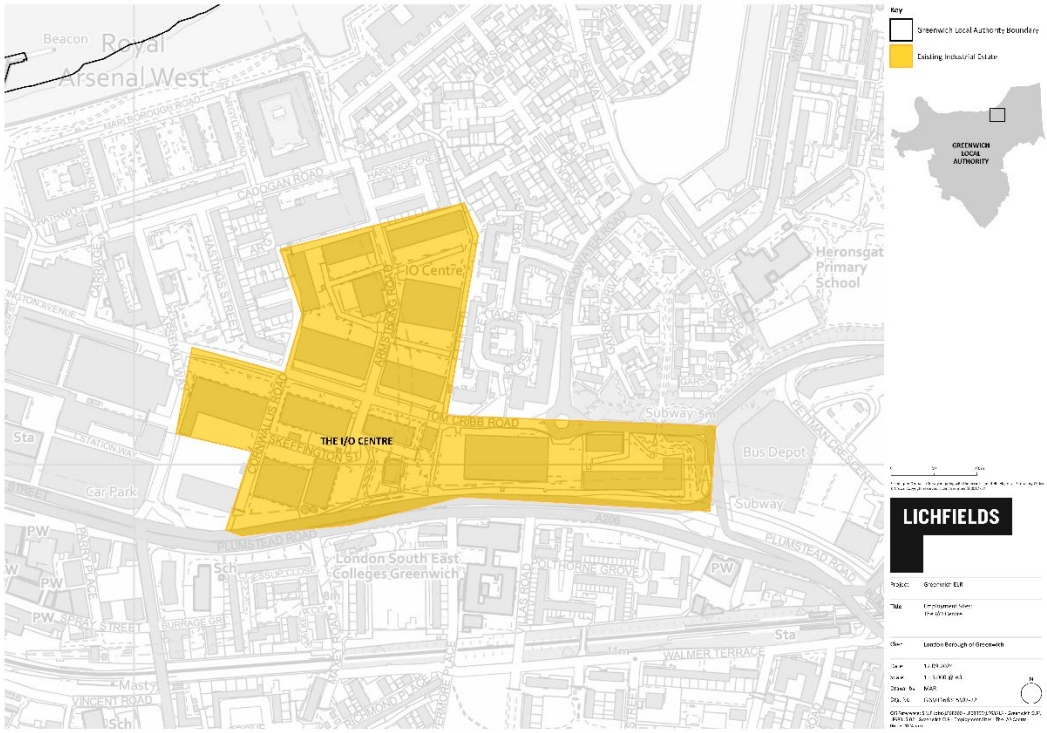
6.23 **O2 Office Cluster (2.9 ha)** – The O2 Office Cluster is a small mixed-use site consisting of offices, retail and various artistic and cultural uses. The site is located on Greenwich Peninsula, just south of the O2 and in close proximity to North Greenwich Pier. The site benefits from good local and strategic accessibility due to its close proximity to the A102, as well as being adjacent to North Greenwich tube station and the IFS Cloud cable car which provides direct access to the north of the river. However, accessibility is reduced due to its close proximity to the O2, which creates major congestion during concerts and other large events held at the venue. The site is somewhat isolated from the large residential areas including Greenwich and Charlton to the south, however there are residential pockets of development in close proximity to the site. This is a highly attractive location, with newly developed and high-grade office accommodation and full occupancy. There is good parking provision adjacent to the site, with some residential blocks in close proximity, however these are not deemed incompatible due to the nature of the site. There is no further opportunity for intensification within the site boundary as all units have been newly developed to a high standard. This site is assessed as suitable for designation under 'general protection' policy.

Figure 5.9 O2 Office Cluster

Source: Lichfields

6.24 **The I/O Centre (10.7 ha)** – The I/O Centre is a medium sized site largely occupied by storage and distribution uses, located east of Woolwich town centre and west of Plumstead. The site benefits from close proximity to the A205 and is adjacent to the A206, providing good local and strategic accessibility. The surrounding residential and town centre areas provide access to local labour and services, with Plumstead station located just southeast of the site. The site is mostly occupied by B8 users, with buildings largely in good condition and fully occupied. The site has good parking provision and is an attractive B8 location, despite being bounded by residential areas to the east and south. The western area of the site overlaps with the boundary of Woolwich Town Centre and is fully developed with minimal opportunities for further B8 intensification. There is a planning application (23/3417/F) on-site for the change of use of multiple units from office to storage & distribution or light industrial uses. The I/O Centre is assessed as suitable for designation as a Locally Significant Industrial Site ('LSIS').

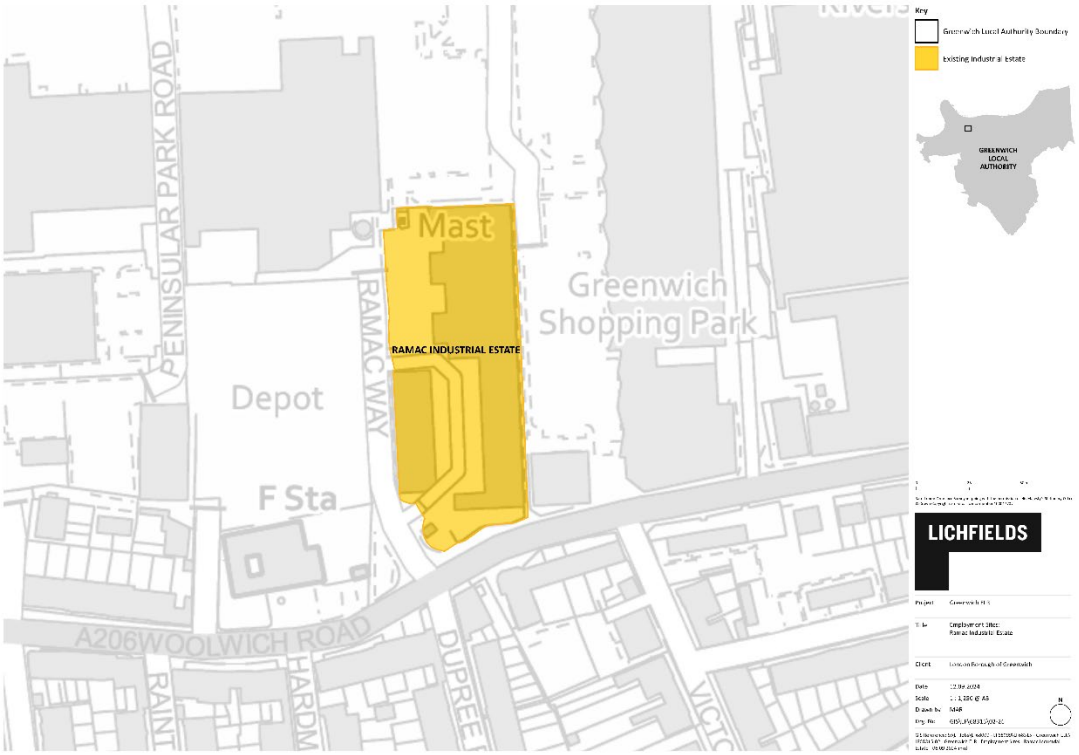
Figure 5.10 The I/O Centre



Source: Lichfields

6.25 **Ramac Industrial Estate (0.93 ha)** – Ramac Industrial Estate is a small industrial estate located just south of Charlton Riverside West and southeast of the Greenwich Peninsula. The site is largely occupied by retail and quasi-retail warehouses/builders' merchants and similar trade counter uses, which do not fall under the traditional definition of employment uses. The site has good local accessibility via the A206 and A102 and is located just northeast of Westcombe Park station. Units are fully occupied and in decent condition, with ample parking provision. Residential areas sit to the south of the site. The site is fully developed with no opportunities for further intensification. Due to the nature of existing uses on the site, it is assessed as suitable for general protection.

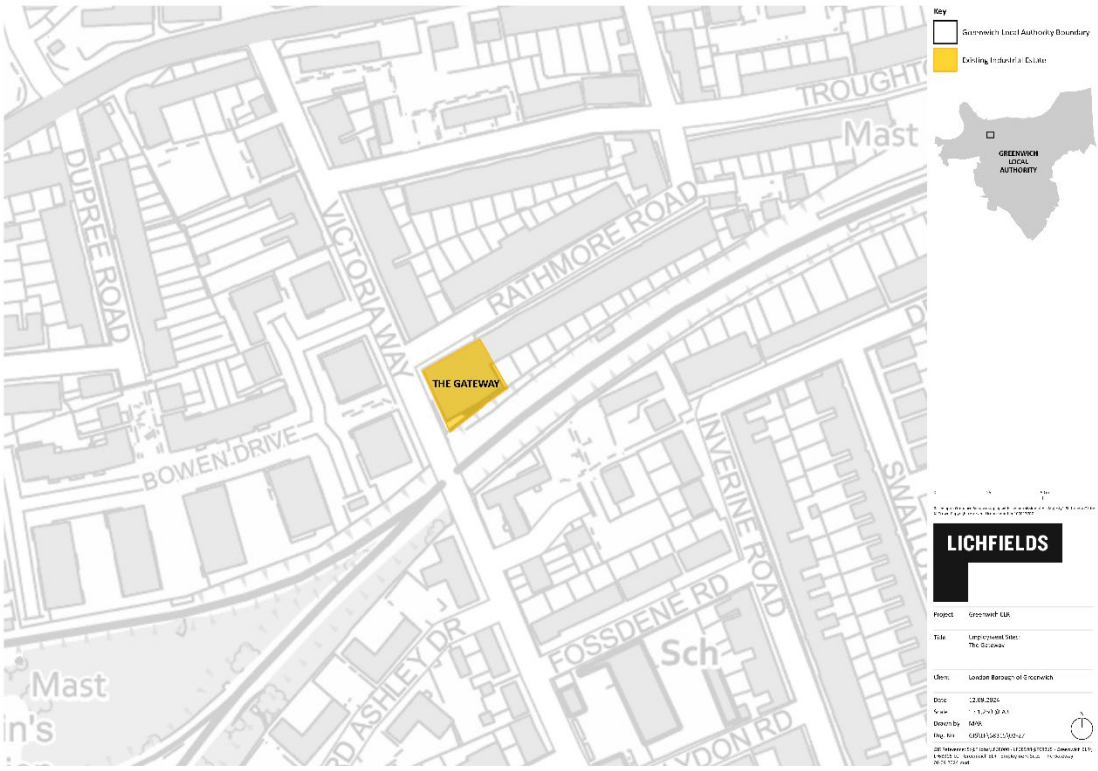
Figure 5.11 Ramac Industrial Estate



Source: Lichfields

6.26 **The Gateway (0.09 ha)** – The Gateway is a very small site occupied by a garage and some small retail and office units. The site is bordered to the south by a rail line and is located just west of Charlton station. Local accessibility is limited, and the site relies upon on-street parking due to its location within a high-density residential area. Units are in average/poor condition but look to be fully occupied. This site scores low in terms of overall attractiveness and may benefit from redevelopment or refurbishment of the existing units. There is a pending planning application (23/4073/F) for the redevelopment of the site to provide 20 residential units and 476 sq.m of B8 floorspace. Due to the small-scale nature and low market attractiveness of the site, it is not assessed as locally significant and is considered suitable for general protection.

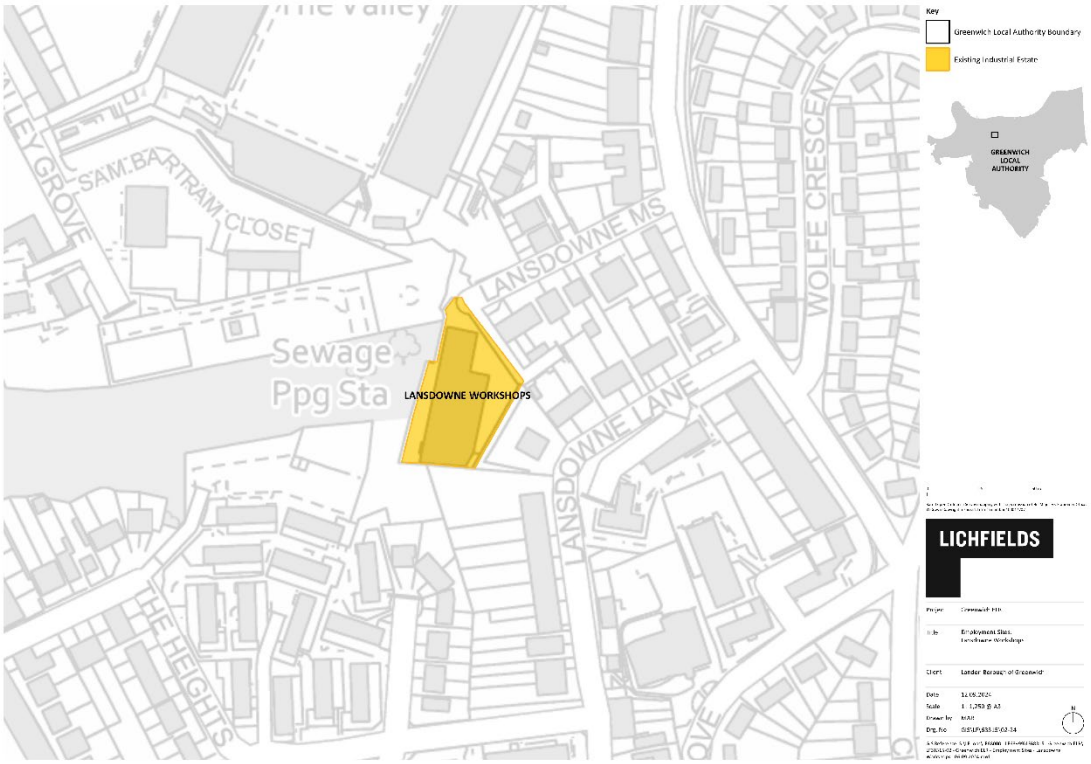
Figure 5.12 The Gateway



Source: Lichfields

6.27 **Lansdowne Workshops (0.26 ha)** – Lansdowne Workshops is a small employment site located just south of "The Valley", the stadium of Charlton Athletic F.C. The site is occupied by a small warehouse/workshop, with fairly poor local accessibility and largely surrounded by residential areas. The site sits just southeast of Charlton station. The existing units are in fairly poor condition and suffer from poor parking provision but are fully occupied. Overall, the site lacks market attractiveness due to its size, condition and poor accessibility. The site would benefit from redevelopment or refurbishment of existing units. The site is not considered as locally significant and is assessed as suitable for designation under general protection.

Figure 5.13 Lansdowne Workshops



Source: Lichfields

6.28 **Green Lane Business Park (0.36 ha)** – Green Lane Business Park is a small office site located south of Eltham Town Centre, including some small light industrial units. The site benefits from good local access via the A20 and is located southwest of Eltham station. The site is surrounded by residential areas and units are in good condition and fully occupied. Overall market attractiveness is good despite the small size of the site and its peripheral location. There is no potential for further intensification or redevelopment of existing units on-site. The site is not considered as locally significant, but is assessed as suitable for designation under general protection.

Figure 5.14 Green Lane Business Park

Source: Lichfields

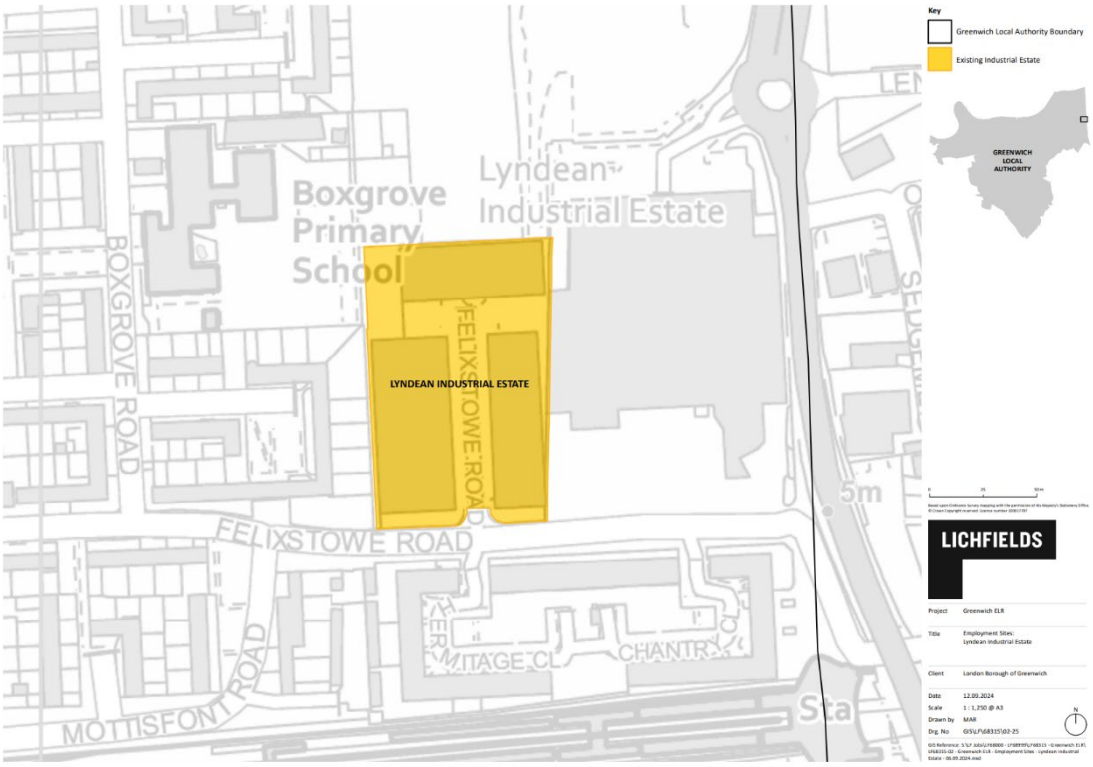
6.29 **Thistlebrook Industrial Estate (1 ha)** – Thistlebrook Industrial Estate is a small light industrial/warehousing site located in Abbey Wood, south of Thamesmead. The site is close to the A2016 leading to the A2 and sits north of Abbey Wood station, which offers National Rail and Elizabeth Line services. Units are aging and in average condition but look to be mostly occupied. The site has good parking provision and decent overall market attractiveness despite its small size. The site is surrounded by residential with a supermarket just to the north. The site is largely occupied with little opportunity for further intensification. Due to its favourable location, good accessibility and overall level of market attractiveness, the site is considered as suitable for designation as a Locally Significant Industrial Site.

Figure 5.15 Thistlebrook Industrial Estate

Source; Lichfields

6.30 **Lyndean Industrial Estate (1.1 ha)** – Lyndean Industrial Estate is a small site located just north of Abbey Wood station. The site is largely occupied by light industrial and smaller warehousing units/workshops and benefits from good accessibility via the A2041 leading towards the A2. The site has good access to local labour and services and is surrounded by residential uses. Units are in fairly poor condition but look to be mostly occupied, with decent parking provision. Strategic access to the site could be better despite decent overall market attractiveness. Units on-site could benefit from redevelopment/refurbishment and there is a parcel of land to the north of the site which could be jointly redeveloped or used for industrial intensification of the surrounding area. Due to its strong accessibility, decent level of market attractiveness, and the potential for intensification and/or redevelopment of the surrounding area, the estate is considered suitable for designation as a Locally Significant Industrial Site.

Figure 5.16 Lyndean Industrial Estate



Source: Lichfields

Summary

6.31 The sites assessed above indicate a total employment land supply across the Royal Borough of approximately 367 ha, the vast majority of which is in industrial or B8 (storage and distribution) use. The only dedicated employment site with a significant supply of office floorspace is the O2 Office Cluster, located in North Greenwich. The three centres of Greenwich, Woolwich and Eltham are mixed-use town centre areas, all of which provide a significant quantity of residential and retail uses, as well as a small quantum of office floorspace. In total, there are approximately 5.4 ha of vacant land suitable for further development of employment floorspace, including 3 ha at Greenwich Peninsula West and 2.4 ha at West Thamesmead and Plumstead. There is one large planning application (19/4398/O) relating to employment floorspace in the pipeline. This relates to the mixed-use development at Nathan Way, which includes the provision of a maximum of 5,300 sq.m of flexible employment floorspace across a variety of uses. There are also two large residential-led applications at Greenwich Peninsula West (564 units) and Woolwich Town Centre (660 units).

7.0 Demand-Supply Balance

7.1 This section draws together the forecasts of future employment land needs as set out in section 5.0 and the emerging supply position. It seeks to identify if need exists for additional provision of employment space to be made in the Local Plan (or alternatively identify if a surplus of supply relative to future demand is likely to occur). Consideration is given to both quantitative and qualitative evidence.

Potential sources of supply

7.2 For the purposes of this assessment, the future employment land supply position in RBG is assumed to comprise the following:

1 **Planning commitments:** comprising sites with extant planning permission and allocated sites for employment use floorspace (including those under construction) as recorded by The Council's monitoring data. It is assumed that these permissions will be implemented during the Plan period.

2 **Sites with identified development capacity:** additional supply which could be delivered on undeveloped or under-utilised/vacant land within existing employment sites, having regard to emerging masterplans and capacity assessments where these are available.

7.3 Table 6.1 provides a summary of the employment floorspace arising from extant permissions and commencements supplied by the Council. These imply a modest negative / reduced supply of employment space (i.e. losses exceed gains).

Table 6.1 Planning commitments at RBG (sq.m)

Source of Supply	Office E(g)(i)/(ii)	Light industrial E(g)(iii)	General Industrial B2	Distribution B8	Total
Extant Permissions	-8,973	4,686	1,318	2,366	-604
Developments Commenced (under construction)	-204	542	223	-425	137
Total	**-9,177**	**5,228**	**1,541**	**1,941**	**-467**

Source: Royal Borough Greenwich Council (2022)/Lichfields analysis

7.4 Table 6.2 outlines the spatial distribution of existing permissions and commencements across the Borough. It highlights that the majority of planned supply and development is concentrated in the Greenwich Peninsula, with 16,366 sq.m of employment space, followed by Eltham and the southern areas of the Borough with 550 sq.m, and Greenwich Riverside with 382 sq.m. In contrast, Woolwich is expected to experience a net loss in employment space, particularly in office floorspace, although there will be a net gain in light industrial space.

Table 6.2 Planning commitments Spatial distribution (sq.m)

Spatial Region	Office E(g)(i)/(ii)	Light industrial E(g)(iii)	General Industrial B2	Distribution B8	Total
Abbey Wood	**-54**	**-**	**-**	**15**	**-39**
Charlton	**151**	**-**	**-**	**4**	**155**
Eltham & South of the Borough	**-276**	**-**	**-**	**835**	**559**
Greenwich Peninsula	**2,628**	**4,765**	**4,127**	**4,807**	**16,326**
Greenwich Riverside	**-545**	**-182**	**543**	**567**	**382**
Plumstead	**-**	**-**	**-**	**-40**	**-40**
Thamesmead	**-**	**-**	**-**	**-**	**-**
Woolwich	**-11,082**	**646**	**-3,128**	**-3,280**	**-16,844**

Source: Royal Borough Greenwich Council (2022)/Lichfields analysis

7.5 It should also be noted that there are a number of potential developments currently in the planning process which are still awaiting planning permission, therefore are not accounted for in the supply position, but possibly could come forward during the Local Plan period. This includes the following applications which are pending permission:

- A comprehensive mixed-use development (24/1695/F) to the south of Greenwich Peninsula including provision for 1,121 sq.m of flexible community/commercial floorspace (E, F1 and Sui Generis) alongside 1,251 residential dwellings.
- A redevelopment located on Greenwich Peninsula, south of the O2 (24/0995/F) including the provision of a new self-storage (B8) facility with 2,931 sq.m of floorspace, as well as a significant quantum of purpose-built student accommodation.

7.6 In addition, 15 employment sites were reviewed as part of the site audit presented in section 6.0. A total of 5.4 ha across two sites shown in Table 6.3 has been identified as having potential to provide additional future employment land supply across RBG.

Table 6.3 Additional Capacity Identified through the Site Asssessments

Site Name	Designation/Allocation	Estimated Floorspace (sq.m)*	Land for development (ha)
Greenwich Peninsula West	SIL	19,500	3
West Thamesmead and Plumstead	SIL	15,600	2.4
Total	**-**	**35,100**	**5.4**

Source: RBG/Lichfields analysis *Estimated using a 65% plot ratio

7.7 Combining the planning commitments and the additional capacity identified above results in there being a potential total future supply amount of 35.100 sq.m (see Table 6.4).

Table 6.4 Supply Position: Planning Commitments and Allocations/Additional Capacity (sq.m)

	Total Supply
Planning Commitments and commencements	-467
Additional Capacity	35.100
Total	**34,633**

Source: RBG/Lichfields analysis

Quantitative Balance

7.8 Based on the conclusions of section 5.0, there is an identified recommended minimum requirement of 178,610 sq.m of employment space to 2037 which includes a contingency allowance which reflects possible delays in sites coming forward and even not being developed for employment uses at all. Such a contingency allowance also provides for some flexibility and headroom over the Plan period.

7.9 A broad comparison of estimated demand for employment use space against future supply, (as shown in Table 6.5) implies that there would not be sufficient employment space to meet the requirement demand of any of the scenarios.

Table 6.5 Demand-Supply of Employment Space in RBG, 2022-2037

	Scenario 1A: GLA Projections	Scenario 1B: Labour Demand Experian	Scenario 2: Past Trends	Scenario 3: Labour Supply
Employment Requirements	261,195	285,940	83,200	495,000
Employment Supply/ Capacity	34,633			
Surplus (+)/Shortfall (-)	-226,562	-251,307	-48,567	-460,367

Source: Lichfields analysis

7.10 It should be noted that this demand-supply balance analysis assumes that all outstanding planning permissions and the identified capacity on allocations will come forward in full during the Local Plan period. Any significant deviation from this assumption could have major implications for the balance position in Greenwich by 2037.

Summary

7.11 According to the PPG, analysis of the supply and demand position is intended to allow policy makers to identify whether there is a mismatch between the quantitative and qualitative supply of, and demand for, employment uses. This enables an understanding of which market segments are potentially over-supplied and which are under-supplied.

7.12 Based on the analysis of the demand and supply position, the Council currently has insufficient supply to meet any of the scenarios of future need set out in section 5.0 (apart from Scenario 2 Past Trends). Against the recommended minimum requirement of 224,855 sq.m (under Scenario 1A) there is an undersupply of -190,222 sq.m. That tightness of potential supply would also be constrained if the Council were to seek to align with the

future labour supply growth identified by ORS which would require meeting an employment requirement of 495,000 sq.m, resulting in a deficit of 460,367 sq.m against the current supply position. Of course, this is a theoretical scenario given that a significant proportion of RBG's resident workforce would occupy jobs located outside the borough, including Central London and Canary Wharf.

7.13 Overall, this indicates that the Council will need to make provision for additional employment land to meet the minimum demand requirements throughout the Local Plan period. However, it's important to note that this supply assessment does not account for future regeneration projects already underway in Opportunity Areas such as Charlton Riverside and Thamesmead and Abbey Wood, which could significantly contribute to the Royal Borough's employment floorspace.

7.14 Work is currently ongoing to develop a Masterplan for the Charlton Riverside Opportunity Area, and an initial review suggests that the plan aims to intensify employment uses within Charlton Riverside. This would result in the redevelopment of existing floorspace to deliver a variety of employment types, including offices, light industrial, industrial, and distribution, supporting the employment targets set in the Local Plan. However, the degree of assumed intensification is substantial and has not been fully tested in terms of viability, deliverability and occupier appeal.

7.15 Likewise, Peabody and Lendlease, in partnership with TfL, are working on the Thamesmead Waterfront project, which includes plans for a DLR extension to unlock the site. In addition to new housing, the mixed-use development will be capable of delivering a substantial amount of employment and commercial space. The project is still in its early stages, so the specific amount and type of employment space have yet to be determined.

7.16 As a result, part of the shortfall in employment provision can be addressed within the RBG's Opportunity Areas, with any remaining gaps requiring the allocation of new employment sites elsewhere and/or through more widespread intensification.

8.0 Conclusions and Policy Implications

8.1 This section draws together the overall conclusions considering the economic development need arising in RBG across the Local Plan period to 2037.

Economic context and trends

8.2 Greenwich's population has grown significantly in recent years, outpacing both London and national averages. This trend is also evident in the working-age population (16 to 64), which has increased, while the working-age population in London and nationwide has been declining.

8.3 RBG's job base has been steadily expanding at a rate higher than that of London and the UK overall. Key employment sectors include the public sector, professional and other private services, and the accommodation, food services, and recreation sector. Among these, the accommodation, food services, and recreation sector has seen the largest proportional growth, reflecting the strength of the borough's growing tourism economy.

8.4 However, average workforce productivity (measured by GVA) in RBG is relatively low compared to the London average and slightly below the national average, indicating the prevalence of lower-value sectors in the borough's economy.

8.5 RBG performs well on several labour market indicators, with a high economic activity rate among the working-age population and a higher-than-national average proportion of residents with degree-level qualifications, which has improved over the last decade. However, the borough also has a higher share of working-age residents claiming out-of-work benefits, and local workers tend to earn less than the London average.

8.6 Business performance has been mixed. While RBG has seen relatively high business start-up and survival rates, its business base has recently declined in the wake of the COVID-19 pandemic. Many businesses in the area are small, suggesting a supportive environment for start-ups.

8.7 In terms of deprivation, RBG ranks within the 30% most deprived areas in the country. While there has been slight improvement in relative deprivation since 2015, there are still persistent pockets of deprivation across the borough. RBG is more deprived in several domains, particularly in barriers to housing, crime, and income, but it performs relatively well in the education domain.

Commercial property market review

8.8 The Royal Borough's commercial property market has seen significant change over recent years. The office market in RBG has experienced growth over the past decade, driven largely by large-scale regeneration projects in areas like Greenwich Peninsula and Woolwich Riverside. Office space in RBG has increased notable over the last 20 years, with low vacancy rates indicating strong demand and limited supply.

8.9 Office space in RBG is primarily concentrated in the northern parts of the Royal Borough, including Greenwich town centre, Greenwich Peninsula, and Woolwich, with Woolwich accounting for over a third of the total office stock. Despite overall growth, the borough did experience some losses in office space, as 36% of employment space losses from 2009 to

2022 were in office uses. However, a net gain in employment space, averaging 12,900 sq.m per year from 2009 to 2022, was primarily driven by office space development, underscoring its continued expansion and demand.

8.10 The office market in Greenwich has remained active, with a low vacancy rate of 1.6%, well below the typical market equilibrium of 8%. Despite a recent 7.1% inventory expansion, supply remains tight, with limited new construction and only 0.6-0.9 years of available office space. Rents have increased, and the market is competitive, largely catering to small and medium-sized enterprises (SMEs) looking for spaces between 300 and 2,700 sq.m.

8.11 RBG's industrial space is primarily located around Charlton Riverside, Plumstead, Thamesmead, and Woolwich, with Charlton holding the highest concentration of industrial premises and Thamesmead having a significant amount of distribution floorspace. Overall, the industrial market in RBG has been steady which conceals a contracting traditional manufacturing sector, a growing logistics sector and a dynamic and expanding light industrial sector (the latter increasingly characterised by businesses occupying flexible and affordable workspace-type premises). Vacancy rates have risen slightly to 5.8%, which is well within a normal frictional rate of a relatively healthy industrial market. Rental growth has been modest at 3%, the weakest in five years. The market has seen minimal new development, with older industrial stock dominating and net absorption being negative. However, demand remains robust, particularly for logistics and distribution spaces and small and medium-sized light industrial units in high demand. The borough's location makes it an attractive option for last-mile distribution occupiers and its growing creative sector underscores demand for workshop spaces in RBG.

8.12 As already highlighted, there is also significant demand for affordable workspaces, particularly in the creative sectors. The Greenwich Enterprise Board (GEB) reports full occupancy of its properties, which cater to businesses seeking flexible leasing terms and lower rents. This high demand underscores the need for affordable and adaptable workspaces in RBG, as businesses increasingly turn to older or more affordable premises to stay in the area. Rising rents are pushing some companies to relocate further from the Royal Borough.

Meeting future employment needs

8.13 Section 5.0 explores four scenarios for RBG's future employment space needs, highlighting different approaches to modelling growth. The employment space requirements for RBG vary widely, from 83,200 sq.m (Scenario 2) to 495,000 sq.m (Scenario 3). Office space needs are relatively narrow, between 31,520 sq.m and 59,160 sq.m, with the highest requirement reflecting high office completion rates driven by regeneration projects in Greenwich Peninsula and Woolwich Riverside. Although there is notable market demand for office space, particularly from SMEs seeking flexible workspaces, many businesses are operating in flexible E Class spaces, which often blend office and light industrial activities. A minimum office floorspace requirement of 31,520 sq.m from Scenario 1B (Labour Demand) is considered sufficient for the borough.

8.14 Light industrial needs vary more widely, from 410 sq.m to 214,050 sq.m, with past trends showing significant losses in this category. Despite these losses, market analysis indicates ongoing strong demand for light industrial spaces, particularly from small occupiers and creative industries. A minimum requirement of 121,835 sq.m is recommended to meet this

demand. For B2 industrial space, the need is narrower, between 410 sq.m and 18,215 sq.m, with a recommended minimum of 6,040 sq.m due to declining demand. Distribution space, driven by strong demand for last-mile logistics, ranges from 23,630 sq.m to 220,240 sq.m, with a recommended minimum of 65,460 sq.m.

8.15 Overall, a total of 224,855 sq.m of employment space is recommended for the Local Plan by 2037. To ensure a flexible and adaptive planning policy for RBG, it is important not only to meet projected office and industrial space needs, which will change with economic conditions but also to consider the opportunities and risks of different policy strategies. This could involve prioritising the delivery of employment land in specific locations or for key sectors to foster growth opportunities.

Monitoring Employment Densities

8.16 Given that the latest job density ratios were last published by the HCA in 2015[46], we recommend that the Council actively monitor employment densities to ensure planning decisions are informed by the most up-to-date evidence.

8.17 Greenwich Council, potentially in collaboration with the GLA and/or neighbouring authorities, should regularly assess trends in employment space utilisation. This should include monitoring changes in flexible working, hot-desking, and other factors affecting job densities. Empirical data gathered through this monitoring process should inform future updates to employment floorspace forecasts, ensuring they remain reflective of actual employment patterns and economic conditions in the borough.

Employment Land Supply

8.18 A qualitative audit has been undertaken of the portfolio of employment sites across the Royal Borough, which focused on the clusters surrounding four Strategic Industrial Locations (SILS), six existing industrial sites, three town centre areas and one office cluster.

8.19 Overall, the audit indicates that the majority of the existing employment sites perform well and generally have low vacancy levels. The assessed sites across the Royal Borough of Greenwich indicate a total employment land supply of around 367 hectares, with the vast majority dedicated to industrial or B8 (storage and distribution) uses. The only notable office space supply comes from the O2 Office Cluster in North Greenwich. The town centres of Greenwich, Woolwich, and Eltham are mixed-use areas with a focus on residential and retail, offering only small amounts of office space.

8.20 In terms of capacity, there are approximately 5.4 hectares of vacant land available for employment space development, including 3 hectares at Greenwich Peninsula West and 2.4 hectares at West Thamesmead and Plumstead. In terms of extant permission, a review of the Council's monitoring data highlighted a modest negative net supply of employment land of -467 sq.m, of which the majority is a result of a net loss of office floorspace across RBG. The total supply position when combining the available capacity at SIL's and extant permissions is estimated around 34,633 sq.m[47].

[46] HCA (2015), Employment Densities 3rd Edition

[47] A plot ratio of 65% has been applied to convert land area (in hectares) to floorspace requirements, based on the assumption of high intensification within the SILs (Strategic Industrial Locations).

Demand-Supply Balance

8.21 Once the above future supply is set against the employment land requirements it implies that there would be insufficient employment space to meet the full requirements of any of the scenarios.

Table 7.1 Demand-Supply of Employment Space in RBG, 2022-2037 (sq.m)

	Scenario 1A: GLA Projections	Scenario 1B: Labour Demand Experian	Scenario 2: Past Trends	Scenario 3: Labour Supply
Employment Requirements	261,195	285,940	83,200	495,000
Employment Supply/ Capacity	34,633			
Surplus (+)/Shortfall (-)	-226,562	-251,307	-48,567	-460,367

Source: Lichfields analysis

8.22 Based on the analysis of the demand and supply position, the Council currently has an insufficient consented supply or potential capacity on existing sites to meet the employment requirements implied by the range of demand scenarios in overall terms across RBG as a whole.

8.23 Against the recommended minimum requirement of 224,855 sq.m there is a resulting calculated undersupply of -190,222 sq.m.

Policy implications

Provision of employment space

8.24 Considering the demand-supply balance, our analysis indicates that the Council will need to identify additional employment space capacity to meet the minimum demand requirements for the full Local Plan period. However, it is important to note that this supply assessment does not account for future regeneration projects already underway in Opportunity Areas such as Charlton Riverside and Thamesmead and Abbey Wood, which could significantly contribute to the Borough's future requirements for additional employment floorspace. Moreover, these regeneration projects may deliver innovative and potentially widespread intensification of sites which could significantly reduce the forecast undersupply of floorspace (e.g through use of mezzanine floorspace which could significantly increase the employment capacity of existing land). However, the potential intensification process would require full market testing in different locations to assess viability and deliverability (including developer and occupier appeal) at the scale required to make a significant dent in the amount and type of forecast undersupply. Before 'adopting' masterplans involving major SIL locations, we recommend that the market testing of innovative intensification solutions is conducted fully to demonstrate viability and deliverability.

8.25 Most of the available supply in RBG is concentrated in the two SILs at West Thamesmead and Plumstead. This indicates that proactive, market-ready intensification of RBG's existing employment areas will be a key policy focus for meeting the borough's economic and market needs over the Plan Period.

8.26 To address the shortfall in employment floorspace, the Council should maximise the potential of RBG's Opportunity Areas. Ongoing work at Charlton Riverside is focusing on a masterplan and strategy to redevelop the site, with plans to provide a mix of new employment spaces, including intensified light industrial and workshop spaces. This is broadly in line with demand identified in this study, which highlights a strong need for light industrial and B8/distribution floorspace. Similarly, the Thamesmead and Abbey Wood Opportunity Area presents another strategic opportunity to deliver significant employment floorspace and help meet RBG's future requirements through intensification.

8.27 However, in the general context that land supply in RBG is constrained, future employment policies should continue ensure that the well-established employment sites, including SILS, continue to be protected for mainly employment uses, being proactive in supporting renewal and upgrading of these locations. In addition, these sites could also potentially be intensified to provide for additional employment space and to ensure they are able to meet changing business needs over time.

8.28 Employment policies should generally seek to carefully manage future losses, particularly when much of the stock is subject to permitted development rights that has driven a significant degree of past losses. In particular, the policies should restrict any future development that would not (at least) provide a net gain of employment space to take place within the existing well-established employment locations, including town centres which have an important role to play in sustaining and enhancing the prosperity of the Borough. On this basis, it is recommended that the Local Plan includes:

1 A fresh designation of **Locally Significant Industrial Sites** in line with London Plan policies and guidance.

2 A **general protection policy** for viable, undesignated employment sites.

3 Specific policies aimed at **supporting 'modern economy' uses** including freight and logistics.

4 **Flexibility** to respond to market demand and economic need.

5 Explicitly providing for **affordable workspace needs.**

Locally Significant Industrial Sites

8.29 We recommend that the following existing employment sites be designated as Locally Significant Industrial Sites (LSISs) in line with the London Plan's Policy E6 to complement established SIL designations in RBG:

(i) Charlton Riverside West: The cluster located west of the Charlton Riverside SIL highlighted in Figure 5.3 is performing strongly and is well-suited for B1c (light industrial) and B8 (storage and distribution) uses, as well as for co-location opportunities. This site overlaps with an Opportunity Area and is subject to a masterplan aimed at intensifying employment uses, making it a strong candidate for LSIS designation.

(ii) The I/O Centre: Situated between Woolwich town centre and Plumstead, the I/O Centre benefits from proximity to major transport routes, including the A205 and A206, providing strong local and strategic accessibility. The site is primarily used for storage and distribution and is fully occupied, highlighting its

significance as an industrial employment hub. Additionally, its location within the Central Services Area (CAZ), which supports sustainable distribution services, makes it particularly well-suited for LSIS designation.

(iii) Thistlebrook Industrial Estate: Located in Abbey Wood, south of Thamesmead, this site has good connectivity to the A2016 and is largely occupied, though with limited opportunities for intensification. Despite this, it remains an important employment hub for the local economy, accommodating light industrial and warehouse occupiers. Given its surrounding residential areas, LSIS designation would help safeguard the site from residential redevelopment pressure, ensuring its continued role in local employment

(iv) Lyndean Industrial Estate: Situated just north of Abbey Wood station, this site offers good accessibility via the A2016, connecting to the A2. It is primarily occupied by light industrial units, small storage spaces, and workshops, although many units are in poor condition. Despite this, occupancy remains high, demonstrating ongoing demand for industrial space. Additionally, there is a vacant plot to the north, which presents an opportunity for industrial intensification within the surrounding area. LSIS designation would help support this potential expansion and protect existing employment uses.

General Protection Policy

8.30 We recommend that for non-designated sites or isolated industrial premises outside the SIL or LSIS designations, the conversion or redevelopment of land or buildings in Class E(g)(i)/(ii)/(iii), B2, and B8 should be considered only through a criteria-based approach. This approach would assess proposals on a case-by-case basis, factoring in market demand (including sustained vacancy levels over a period of 12 months), viability, and the potential economic benefits of the proposed development.

Modern Economy - Freight and Logistics

8.31 The latest National Planning Policy Framework (NPPF), paragraph 86c, highlights the need for planning policies to consider the requirements of a modern economy, including the provision of freight and logistics space. This reflects the importance of the sector in enabling the efficient and viable operation of most core components of the wider economy – including both production and service based activities.

8.32 An analysis of VOA data indicates that the average distribution unit size in RBG is approximately 1,400 sq.m, considerably smaller than large-scale "big box" warehouses, which typically exceed 9,000 sq.m. To meet its employment floorspace requirements, RBG should provide sufficiently for distribution and logistics needs through floorspace provision in a range of sizes. This supply should be primarily concentrated within the Borough's four Strategic Industrial Locations (SILs), which provide the connectivity and infrastructure necessary to support B8 uses efficiently. Additional provision can be explored within LSIS sites including Charlton Riverside West through intensification and co-location. The I/O Centre, which currently accommodates a cluster of storage and distribution businesses, also offers potential for expansion. However, due to limited opportunities for intensification, significant redevelopment would be required to fully optimise the site's capacity.

A Flexible Policy Approach

8.33 As highlighted through market consultation, it is crucial for the Council to adopt a flexible approach when allocating sites for employment uses and applying employment land policies. This is particularly relevant for E Class employment uses (e.g., Office E(g)(i)/(ii) and Light Industrial E(g)(iii)), as the RBG market is largely dominated by small and medium-sized enterprises, many of which seek workshop-type premises. This includes office-based sectors as well as small distribution businesses that also operate within workshop spaces. Therefore, the Council should incorporate flexibility into its employment policies to accommodate the adaptable nature of these use classes.

Affordable Workspace

8.34 This study has identified strong and increasing demand in RBG for affordable workspace across all employment use classes which was particularly highlighted by qualitative market feedback. This is especially important as rising rents for both office and industrial spaces are pushing smaller businesses to seek older premises in order to remain in the Borough, close to their workers and customers.

8.35 Market consultation and discussions with workspace providers highlight the need for affordable workspaces to be flexible, offering a range of unit sizes to support both business expansion and downsizing. Small businesses also require simplified lease structures and flexible break clauses. A successful example of affordable workspace provision in RBG is the Charlton Workstack (Greenwich Enterprise Board), which demonstrates how industrial space can be intensified through stacked workspace design. The site is fully occupied by a diverse range of businesses, providing a model for how future affordable workspaces could be effectively delivered in the Borough.

8.36 To address the increasing demand for cost-effective office, industrial, and studio spaces, RBG should introduce an explicit **Affordable Workspace Policy** as part of its new Local Plan. This policy will be particularly vital for small and medium-sized enterprises (SMEs), start-ups, and the creative industries, which are essential to the Borough's economic growth. Without intervention, rising commercial rents will continue to restrict access to suitable work environments, limiting opportunities for business development and innovation. In preparation, it is also recommended that a bespoke affordable workspace needs assessment is conducted to ensure that the Local Plan policy is founded on clear, empirical evidence which:

- Provides a clear segmentation-based review of the sector in Greenwich and the wider sub-region.
- Seta out robust, quantitative forecasts of future need by market segment, size, location and other key demand characteristics.
- Assessment of future need relative to existing and planned supply.
- Provides recommendations on RGB strategy, planning policy requirements and delivery solutions.

8.37 Informed by the recommended affordable workspace study the policy, for example, could focus on a range of key principles such as:

- **Provision Prioritisation:** All new commercial and mixed-use developments above a specified size threshold will be required to allocate a proportion of their floorspace as affordable workspace. The exact percentage will be established by the Council based on a review of its evidence base and subject to viability assessments. An example of how this could be structured in policy terms: *"New commercial developments exceeding [X] square meters must allocate at least [Y]% of total workspace as affordable, defined as being offered at no more than [Z]% of market rent."* Moreover, the policy should require, where appropriate, the provision of workspace in key locations and/or in standalone, market-ready premises. The element of the policy would aim to ensure that provision of workspace responds to market need and pre-empts a scenario where unsuitable space is provided as ancillary part of a wider development scheme.
- Supporting the above principle**,** a **dedicated affordable workspace fund** could be created to pool developer contributions and deliver space in locations and in premises with suitable tenancy terms. These facilities would be operated by an established and reputable, specialist provider. Such an approach and associated fund would ensure that planned and delivered supply is responsible to and aligned with market need/demand. The fund could be supplemented through appropriate Government / GLA grant support and/or a joint venture arrangement with the private and not-for-profit/charity sectors.
- **Protection of Existing Affordable Workspace:** RBG should actively protect existing workspaces that are affordable and viable. Any development proposal that results in the loss of such spaces must ensure that equivalent space is replaced, in terms of size, quality, and affordability. Applications to change the use of workspaces to other purposes will be required to demonstrate that there is no viable demand for their continued commercial use through a detailed market test and need assessment.
- **Flexibility and Adaptability:** Affordable workspaces should be flexible in size, configuration and tenancy terms in order to accommodate the diverse and rapidly changing needs of local businesses. The conversion of larger office spaces into smaller units, as well as coworking spaces and flexible workshops, should be promoted in order to optimise the offer of affordable spaces for SMEs and entrepreneurs. Priority will be given to adapting existing spaces for use by the creative sector, including spaces for workshops
- **Long Term Management:** Affordable workspaces should be managed by providers with a long-term commitment to the policy objectives. Suppliers responsible for disbursement of the affordable workspace fund should be selected through a transparent and competitive process. Lease and management agreements should include clauses to ensure that rents remain below market rates for a specified period and that spaces are allocated to businesses and organisations that meet the London Plan (Policy E3) criteria definition of Affordable Workspace.

8.38 It is recommended that this policy should be embedded within the Local Plan and clearly linked to the Council's corporate strategy and inclusive growth strategy. The Council will retain flexibility to adjust requirements based on market conditions and site-specific viability while maintaining its commitment to fostering a diverse, inclusive, and competitive business environment.

Appendix 1 List of Consultees

- RBG Regeneration and Economic Development
- Greenwich Enterprise Board
- We Made That
- Peabody
- Knight Dragon (Design District)
- Dowley Turner Real Estate
- Stakeholder workshop held September 2024 – various private and public representatives.
- RBG Local Plan Members Working Group.

Appendix 2 GLA Workforce Jobs by Sector

A2.1 The table below presents the workforce jobs change in Greenwich between 2022 and 2037 and assumed use class by sector, as forecast by Experian.

Workforce Change in Greenwich 2022 to 2037

Sectors	Use Class Footprints					2022	2037	Jobs Change
	E(g)(i)/(ii)	E(g)(iii)	B2	B8	Other Use Classes			
Accommodation & Food Services	0%	20%	0%	0%	80%	10,194	12,415	+2,221
Administrative & Supportive Services	20%	20%	0%	0%	60%	2,265	2,759	+493
Agriculture, Forestry & Fishing	0%	0%	0%	0%	100%	51	62	+11
Air & Water Transport	0%	0%	0%	0%	100%	2,832	3,449	+617
Chemicals (manufacture of)	0%	0%	100%	0%	0%	261	318	+57
Civil Engineering	0%	0%	0%	0%	100%	1,699	2,069	+370
Computer & Electronic Products (manufacture of)	0%	90%	10%	0%	0%	261	318	+57
Computing & Information Services	50%	20%	0%	0%	30%	1,133	1,379	+247
Construction of Buildings	0%	0%	0%	0%	100%	1,699	2,069	+370
Education	0%	0%	0%	0%	100%	13,593	16,553	+2,961
Extraction & Mining	0%	0%	0%	0%	100%	850	1,035	+185
Finance	100%	0%	0%	0%	0%	255	310	+56
Food, Drink & Tobacco (manufacture of)	0%	0%	100%	0%	0%	261	318	+57
Fuel Refining	0%	0%	0%	0%	0%	261	318	+57
Health	0%	0%	0%	0%	100%	8,495	10,346	+1,850
Insurance & Pensions	100%	0%	0%	0%	0%	255	310	+56

Sectors	Use Class Footprints					2022	2037	Jobs Change
	E(g)(i)/(ii)	E(g)(iii)	B2	B8	Other Use Classes			
Land Transport, Storage & Post	0%	0%	0%	69%	31%	2,832	3,449	+617
Machinery & Equipment (manufacture of)	0%	50%	50%	0%	0%	261	318	+57
Media Activities	20%	50%	0%	0%	30%	1,133	1,379	+247
Metal Products (manufacture of)	0%	0%	100%	0%	0%	261	318	+57
Non-Metallic Products (manufacture of)	0%	0%	100%	0%	0%	261	318	+57
Other Manufacturing	0%	47%	51%	0%	1%	261	318	+57
Other Private Services	0%	20%	0%	0%	80%	5,664	6,897	+1,234
Pharmaceuticals (manufacture of)	0%	0%	100%	0%	0%	261	318	+57
Printing and Recorded Media (manufacture of)	0%	80%	20%	0%	0%	261	318	+57
Professional Services	60%	40%	0%	0%	0%	7,363	8,966	+1,604
Public Administration & Defence	67%	0%	0%	0%	33%	5,097	6,208	+1,110
Real Estate	100%	0%	0%	0%	0%	3,681	4,483	+802
Recreation	0%	20%	0%	0%	80%	3,398	4,138	+740
Residential Care & Social Work	0%	0%	0%	0%	100%	8,495	10,346	+1,850
Retail	0%	0%	0%	0%	100%	11,327	13,795	+2,467
Specialised Construction Activities	0%	99%	1%	0%	0%	1,699	2,069	+370
Telecoms	20%	50%	0%	0%	30%	1,133	1,379	+247
Textiles & Clothing (manufacture of)	0%	0%	100%	0%	0%	261	318	+57
Transport Equipment (manufacture of)	0%	100%	0%	0%	0%	261	318	+57
Utilities	0%	15%	30%	20%	35%	850	1,035	+185

Sectors	Use Class Footprints					2022	2037	Jobs Change
	E(g)(i)/(ii)	E(g)(iii)	B2	B8	Other Use Classes			
Wholesale	0%	11%	0%	80%	9%	2,945	3,587	+642
Wood & Paper (manufacture of)	0%	0%	100%	0%	0%	261	318	+57

Appendix 3 Experian Workforce Job by Sector

A3.1 The table below presents the workforce jobs change in Greenwich between 2022 and 2037 and assumed use class by sector, as forecast by Experian.

Workforce Change in Greenwich 2022 to 2037

Sectors	Use Class Footprints					Jobs Change
	E(g)(i)/(ii)	E(g)(iii)	B2	B8	Other Use Classes	
Accommodation & Food Services	0%	20%	0%	0%	80%	+3,800
Administrative & Supportive Services	20%	20%	0%	0%	60%	+1,400
Agriculture, Forestry & Fishing	0%	0%	0%	0%	100%	0
Air & Water Transport	0%	0%	0%	0%	100%	0
Chemicals (manufacture of)	0%	0%	100%	0%	0%	0
Civil Engineering	0%	0%	0%	0%	100%	0
Computer & Electronic Products (manufacture of)	0%	90%	10%	0%	0%	0
Computing & Information Services	50%	20%	0%	0%	30%	+700
Construction of Buildings	0%	0%	0%	0%	100%	+200
Education	0%	0%	0%	0%	100%	+1,800
Extraction & Mining	0%	0%	0%	0%	100%	0
Finance	100%	0%	0%	0%	0%	+100
Food, Drink & Tobacco (manufacture of)	0%	0%	100%	0%	0%	-100
Fuel Refining	0%	0%	0%	0%	0%	0
Health	0%	0%	0%	0%	100%	+3,700
Insurance & Pensions	100%	0%	0%	0%	0%	0
Land Transport, Storage & Post	0%	0%	0%	69%	31%	+2,200
Machinery & Equipment (manufacture of)	0%	50%	50%	0%	0%	0
Media Activities	20%	50%	0%	0%	30%	+200
Metal Products (manufacture of)	0%	0%	100%	0%	0%	0
Non-Metallic Products (manufacture of)	0%	0%	100%	0%	0%	0
Other Manufacturing	0%	47%	51%	0%	1%	0
Other Private Services	0%	20%	0%	0%	80%	+500
Pharmaceuticals (manufacture of)	0%	0%	100%	0%	0%	0
Printing and Recorded Media (manufacture of)	0%	80%	20%	0%	0%	-100
Professional Services	60%	40%	0%	0%	0%	+1,300
Public Administration & Defence	67%	0%	0%	0%	33%	+200
Real Estate	100%	0%	0%	0%	0%	+100
Recreation	0%	20%	0%	0%	80%	+1,200
Residential Care & Social Work	0%	0%	0%	0%	100%	+1,300

Sectors	Use Class Footprints					Jobs Change
	E(g)(i)/(ii)	E(g)(iii)	B2	B8	Other Use Classes	
Retail	0%	0%	0%	0%	100%	+1,800
Specialised Construction Activities	0%	99%	1%	0%	0%	+100
Telecoms	20%	50%	0%	0%	30%	+100
Textiles & Clothing (manufacture of)	0%	0%	100%	0%	0%	0
Transport Equipment (manufacture of)	0%	100%	0%	0%	0%	0
Utilities	0%	15%	30%	20%	35%	+900
Wholesale	0%	11%	0%	80%	9%	+500
Wood & Paper (manufacture of)	0%	0%	100%	0%	0%	0

Source: Experian (June 2024)/Lichfields analysis

Appendix 4 Experian Methodology

Data Guide

UK Regional Planning Service
June 2024

Our main subscription website:
https://www.experian.co.uk/business/business-information/market-intelligence/economic-services/

Data Guide

UK Regional Planning Service
June 2024

Contents

Executive summary

This document outlines the current variable coverage in the June 2024 version of the UK Regional Planning Service, and the methodology behind the history and forecast.

Appendix A includes a glossary of terms.
Appendix B includes our definitions of the sectors.

Appendix C has the geography definitions.
Appendix D contains the most common Frequently Asked Questions

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1 Variable Coverage

To avoid implying spurious accuracy, we now round all county and local series to the nearest tenth of a unit. This means that people or job counts are now to the nearest 100 people or jobs and money counts are to the nearest £100,000, and rates are now to the nearest 0.1 percentage points. Forecasts for series with very small levels may appear to be volatile when growth rates are considered. We therefore recommend viewing series with small values in levels not growth rates or considering growth rates over longer intervals than annually. Very small levels have been set to zero as they are essentially statistical artefacts.

Figure 1.1: Variable coverage in the RPS

- √ indicates that the variable is available in both the search query tool and the xls files.
- Xls indicates that the variable is available in the xls but not the search query tool.
- UK monthly forecast indicates that the variable is not produced as part of the RPS but can be found in the monthly UK macro forecast on our website.

Variable	UK	Region	County & Local Authority
PRODUCTION			
Gross Domestic Product (GDP)	UK monthly forecast		
GDP by component of demand	UK monthly forecast		
Gross Value Added (GVA)	√	√	√
GVA by sectors	√	√	√
LABOUR MARKET			
Employees by sector	√	√	√
Self-employed by sector	√	√	√
Government Trainees by sector	xls	xls	Upon request
Her Majesties Forces Total	xls	xls	Upon request
FTE Employment by sector	√	√	√
Total ILO Employment – Residence based & Workplace based	√	√	√
ILO Unemployment	√	√	√
Unemployment rate	√	√	√
Labour Force	xls	xls	Upon request
Activity Rate	xls	xls	Upon request
Inactivity Rate	xls	xls	Upon request
DEMOGRAPHICS			
Population: Total, Adult (16+)	√	√	√
Age bands: 0-15, State Working age, State retirement 16-64, 65+	√	√	√
Population by single- or 5-year age band	Upon request	Upon request	Upon request
HOUSEHOLDS			
Nominal disposable Income	√	√	√
Real disposable income	√	√	√
Nominal income by component	xls	xls	Upon request
Nominal consumer spending	√	√	√
Real consumer spending	√	√	√
Consumer spending by COICOP category	Upon request	Upon request	
Cost of Living Index	√	√	
House price Index	√	√	Upon request
Hours worked	Upon request	Upon request	Upon request

Please note we are no longer publishing Claimant Count for Regional and Local Areas. This is due to the fact that complete data is no longer available due to the shift to Universal Credit.

2 Historical Endpoints

Figure 1.2: Last historic data point

Variable	UK*	Region	County & Local Authority
Gross Value Added	2023q4	2022q4	2022q4
GVA by sectors	2023q4	2022q4	2022q4
Labour market variables	2023q4	All 2023q3 except ILO 2023q4	All 2022q4 except ILO 2023q4
Income	2023q4	2021q4	2021q4
Consumer spending	2023q4	2022q4	2021q4

The historical endpoint represents the last time-period for which we apply our processes to collect, calculate or derive data, details of which can be found in Chapter 3: Methodology. All time-periods that are in the past but follow the historical endpoint are Experian Economics' estimates.

We have not used any regional data published after May 2024 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

Population

The population data provided are the Office for National Statistics (ONS) 2019 mid-year estimates for 1997-2019. For England, Scotland, and Wales, the 2018-based national and sub-national population projections are used. Further information on population changes is available in section 4.

UK forecast

This forecast is consistent with an Experian Economics' May 2024 macroeconomic forecast.
We explore the UK outlook in section 4.

3 Methodology

3.1 UK Methodology

The approach for the regional planning service takes the UK variables as exogenous, imposed from the monthly UK forecast.

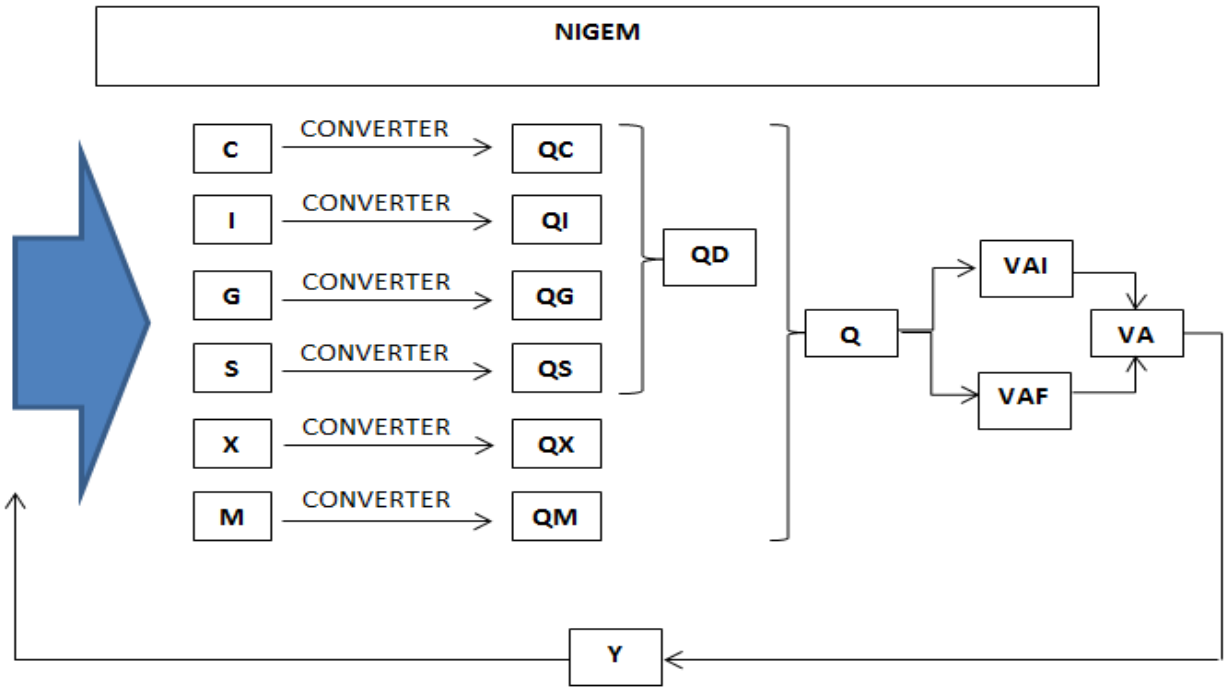
To produce the UK forecast we use a heavily customised version of the National Institute of Social & Economic Research's (NISER) model called NIGEM to provide our core macroeconomic forecast.

NIGEM is a general equilibrium model of the UK and World economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment based on the UK National Accounts published by the Office of National Statistics.

To split this core forecast out into industries and sub-sectors we have a Sectoral Model which expands on the forecasts from the core NIGEM model.

We disaggregate total consumption (C), investment (I), government spending (G), stocks (S), exports (X) and imports (M) from NiGEM to a finer level of detail. This provides a highly detailed model of demand (Q) for industry GVA in the UK economy. Using convertors derived from the ONS Supply and Use Tables, we convert demand into intermediate (VAI), and final (VAF) value added for each sector. This provides a comprehensive view of how value added is distributed across sectors. The growth rate of total value added (VA) for each industry determines its GVA (Y) growth rate. GVA is constrained to forecast total GVA from NiGEM. This Input-Output based model is iterative and captures intra-industry demand.

The industry GVA forecast is used together with wage forecasts to forecast employment by sector (E).



3.2 Regional Methodology

3.2.1 History

All economic history used in the RPS is derived from official statistics published by the UK's ONS. Our approach is to use existing statistics in the form they are published to the greatest extent possible. However, this is subject to the following exceptions:

- where there is a lag between an update of aggregate data and the corresponding disaggregation, the disaggregate data is constrained to match the latest aggregates;
- where ONS data is not published at quarterly frequency (for instance it is only annual data), we use a consistent methodology (described below) to construct quarterly data;
- where ONS data is not published at the geography required or in the detail required, we use a consistent methodology to add the necessary data, ensuring that it constrains to published data at a higher level of geography or detail;
- on occasion, where ONS data is internally inconsistent we apply techniques to remove these inconsistencies.

The most timely and reliable data at the regional level is the workforce jobs series, published on a quarterly frequency by the ONS. There have been revisions to estimates of Workforce Jobs going back several years caused by benchmarking to the latest estimates from the annual Business Register and Employment Survey (BRES), updating seasonal factors and taking on board late information.

Employee jobs, self-employed jobs and government trainees are published at the level of the SIC 2007 Section providing us with 22 sectors.[1] In order to disaggregate this Section-level data to 2-digit sectors from which we can construct the Experian 38 sectors we use official survey data:

- In the case of employee jobs, we use the Annual Business Inquiry (ABI) and Business Register & Employment Survey (BRES). These annual surveys are not updated after being published – further the methodology has changed over the lifetime of these surveys. We apply a principled set of rules to derive consistent employee job shares within the sections from the surveys.
- The current release uses the October 2023 BRES, which provides data up to 2022. Pre-2010 we have made a working-owners adjustment, based on an overlapping year published by NOMIS in February 2013, in line with their recommended techniques for dealing with discontinuities. There are revisions in the latest BRES data both at the regional and local level. More noticeable changes are seen at the local level, please see the local methodology for more details.
- In the case of self-employed jobs, we use data from the Labour Force Survey (LFS).

Workforce jobs is the sum of employee jobs, self-employed jobs, government trainees and Her Majesty's Forces (who are assigned at the sector level to Public Administration and Defence).

To estimate full-time equivalent employment (FTE), we use data on hours worked in each sector and region derived from the Annual Survey of Hours and Earnings (ASHE). ASHE is also used to derive wage data for each region and sector.[2] We also use, for this purpose, compensation of employee data from the regional accounts.

Previously, regional gross value-added data (GVA), was only measured on an income basis and published annually in current prices. As of March 2020, we included the ONS balanced estimate of GVA,

[1] The ONS has ceased publishing official 2-digit employee jobs data for the regions. The approach we have taken is consistent with the approach recommended by the ONS to derive 2-digit estimates.
[2] We do not routinely publish sector level wage forecasts; however, it is available on request.

a new measure derived by balancing the income and production approaches to calculating GVA. The data is published in greater detail than the previous income-based estimates - which were only published at a section level - and so map more directly to Experian's 38 sectors.

Historical data for UK GDP and GVA in the current release are consistent with the October 2023 Blue Book release. There has been no change in the base year and data remains in 2019 prices.

The ONS released its latest regional level GVA data in April 2024, which has been used for the June 2024 run. The latest release includes data up to 2022 and revisions to the historical values. Similar to the previous run (in March 2024), data is based on 2019 prices, but this release is consistent with the latest Blue Book (released October 2023). The previous RPS release used internally adjusted regional data due to inconsistencies between the UK dataset (consistent with the Blue Book) and the available regional data (not consistent with the Blue Book). The approach used aimed to minimise discrepancies and make the regional data better aligned with the UK series. Differences in history between the current and previous release of the RPS are to be expected, with more notable revisions for the sector series.
The data is made quarterly using workforce jobs data, before being aggregated to produce a regional total.

Income is published in the regional accounts on an annual basis with a full breakdown of income sources and deductions. Previously official sources included income from Non-Profit Institutions Serving Households (NPISH) in the household income data due to lack of credible information to split these. Since March 2019, the ONS has improved their data accuracy by providing income data that is 'households' only, which we have used, thereby excluding NPISH from our income estimates.

Income sources are:

- compensation of employee - wages and salaries *plus* employers' social contributions
- self-employment income
- net property income - made up of property income received *less* income paid
- transfers from the state (i.e., benefits and pensions)
- other transfers

Income deductions are:

- taxes
- social contributions
- transfers to others

The sum of income sources *less* income deductions constitute disposable income. To convert this annual data to quarterly jobs we use (depending on the component) employee jobs, self-employee jobs or the UK quarterly pattern. We constrain these quarterly series to the official UK published data. Real disposable income is obtained by deflating disposable income by the consumer price deflator.

Household spending is derived by sharing out UK nominal expenditure using regional shares of expenditure reported in the Living Costs and Food Survey by type of expenditure. Nominal regional spending is deflated by published UK deflators and then aggregated to produce a regional total. This again implicitly creates a regional cost of living measure which we also publish.
Sub-national population projections are obtained from the ONS, based on the 2018 sub-national projections for England, Scotland, and Wales. These are spliced onto the 2019 mid-year estimates and constrained to the latest national 2018-based projections.

Our working-age definition incorporates all announced future changes in the state pension age:

- The state pension age for women is rising from 60 to 65, equal with males. Both will then rise, in step, to 67 in our current forecast period.

- Female state retirement age began to increase from 60 in April 2012, reaching 65 by 2018q4.
- From April 2019, both men and women will see their state retirement age rise from 65 to 66, with men reaching 66 by April 2020, and women a few months later in October 2020.

- The move from 66 to 67 is scheduled from April 2026 until April 2028 for both men and women.

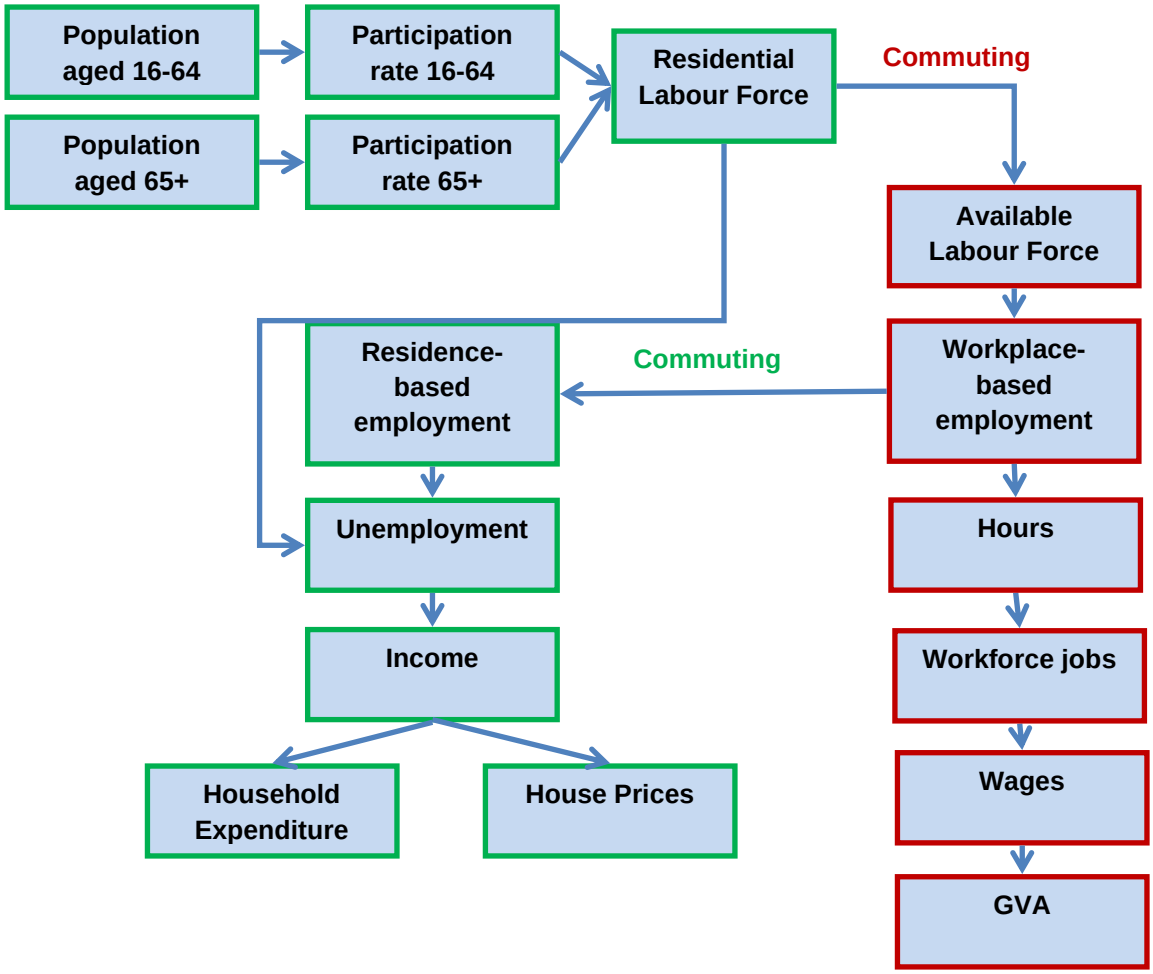
The 2013 Autumn Statement stated that the rise in state pension age to 68 would be moved forward from 2046 to the mid-2030's. However, with no firm date, we have not yet incorporated this into our working age and state retirement age definitions.

Under the current law, the State Pension age is due to increase to 68 between 2044 and 2046. Following a recent review, however, the government announced plans to bring this timetable forward. The State Pension age is now set to increase to 68 between 2037 and 2039. The policy change was announced as of July 2017.

We publish the following breakdown of population: school age (ages 0-15), state working age, state retirement age, adult population (16 and over) and total. Beginning in the March 2015 RPS, we also publish both the population aged 16-64 and 65 and over. Although their respective participation rates are not published, they can be derived. Our overall participation rate is based on a ratio of the total labour force to the entire adult population (not only the working age population).

3.2.2 Forecast

The regional model is sequential. Each variable is dependent only on variables earlier in the sequence and not variables later in the sequence. Variables are either workplace-based (red outlined boxes) or residence-based (green-outlined boxes.) Workplace-based and residence-based variables are linked by commuting relationships derived from the 2011 Census.



The population – split into two age ranges – is taken from the National and Sub-National Population Projections. We forecast participation rates for these age bands separately as they are subject to different trends. The total residential labour force is the sum of the labour force aged 16-64 and 65-plus. The aggregate participation rate is determined by two factors:

- The participation rate of the two age bands; and
- The share of each of the two age bands in the adult population.

The participation rate for those aged 16-64 is expected to remain relatively stable throughout the forecasting period. However, the rate for those aged 65 and over will grow strongly due to factors such as increasing life expectancy and rising state pension ages.

At the UK level, the share of the adult population aged 65 and over is projected to rise sharply over the next twenty years. There is, however, considerable variation at the regional level. Greater London – the youngest region in the UK – is projected to have a stable share. These factors combine to produce substantial variation in the labour force forecasts for different regions.

Commuting flows are used to derive the available labour force for a region. This is:

Workers Resident in the Region – Workers Commuting Out + Workers Commuting In

In the case of Greater London, the South East and the East of England, these flows lead to a substantial difference between the residential labour force and the available labour force. The effect is still present but less pronounced in other regions.

The available labour force is one of the drivers in forecasting workplace-based employment. The other drivers include the industry mix and the performance of industries at the UK level. If industries with a high share in the region are performing well at the UK level, this will benefit the region.

The workplace-based employment is converted back into residence-based employment. This is:

Workplace-based Employment – Workers Living Elsewhere + Residents Working Elsewhere

From this point, residence and workplace-based variables are solved in parallel with residence-based variables dependent on residence-based employment and workplace-based variables dependent on workplace-based employment.
The residential labour force and residence-based employment are used to calculate unemployment. Residential income is driven by employment; and itself drives house price and household expenditure forecasts.
Workplace-based employment drives aggregate hours worked, wages and GVA. These aggregate variables feed into the detailed part of the model, which produces forecasts for each industry:

In each case, we forecast shares of the region within the UK industry. We then share out the UK industry data subject to the constraint of the total that has already been determined and the UK total.

3.3 Local Methodology

3.3.1 History

As at the regional level, all local economic history used in the RPS is derived from official statistics published by the ONS. Our approach to using this data is identical to that given above at 3.2.1. However, data at the local level is more likely to be incomplete[1] or inconsistent[2] than is the case at the regional level. For this reason, there is greater call for the application of techniques to construct missing data and to remove inconsistencies than is the case at the regional level.

In all cases, local area data in a particular region is constrained to match the regional total for the same variable. This has two advantages:

- Local data is made consistent with regional data of the same vintage.
- Where local data has been estimated or constructed, the regional data ensure that the estimates together are consistent with more reliable data.

The ONS do not publish a workforce jobs series at the local level. Accordingly, we construct workforce jobs series for each local area using BRES/ABI in the same way that BRES is used at the regional level

[1] For some local areas, publication of certain data by the ONS is restricted because to do so would effectively disclose individual responses to ONS data-collection surveys (e.g., if there are only one or two firms in a certain industry in a particular locality.)
[2] In some cases, sample sizes in ONS data-collection surveys at the local level are very small. This leads to data of comparatively poor quality and relatively high volatility.

to disaggregate section estimates. The BRES share for a particular industry of a local area in its parent region is used to disaggregate the regional workforce jobs series for that industry. As BRES is a survey, the figures over time for a particular local area industry combination can be volatile[1]. Further, certain years' results may be withheld to prevent disclosure of confidential data. Accordingly, to obtain sensible data it is necessary for us to smooth out this volatility and to interpolate over the gaps.

At the local level, the most timely and comprehensive data are Annual Population Survey (APS) for residence and workplace-based employment and unemployment data[2]. These data are obtained directly from NOMIS and then constrained to the national numbers.

In September 2015, we re-visited the relationship between local workforce jobs and workplace-based employment. The local workforce jobs (which make use of BRES shares) was benchmarked to the ILO workplace-based employment which itself has first been benchmarked to the Census 2011 point with the pattern in years either side preserved.

As with the regional level, there are revisions in the latest BRES data at the local level. Additional changes are due to the changes in local boundaries. More specifically, there are larger revisions in Dacorum and Watford for the "employment activities" industry, which has persisted for two consecutive years. The change has been confirmed by NOMIS.

As with regional GVA, the availability of data at the local authority level has been improved with the move to a balanced estimate of GVA. Sub-regional measures of GVA were previously only produced in current prices, at a NUTS2 and NUTS3 level. As of March 2020, the balanced estimate of GVA has been incorporated into the RPS which is now provided at a local authority level, in both current and constant prices.

The local level GVA data that was used in the current run was released by the ONS in April 2024, based on 2019 prices, including data up to 2022. Analogical to the regional GVA data, the release is now consistent with the latest Blue Book (October 2023). History might exhibit greater changes at the industry levels compared to previous releases due to usage of the new regional and local data releases as well as the specifics of the disaggregation process.

The level of industrial detail of the data varies across sub-regional geographical levels. NUTS2 data has the greatest level of industry disaggregation with a full breakdown of SIC sections. With each subsequent geographic level, the degree of disaggregation in the official data decreases. To provide local area forecasts at the 38-sector level, the data was fully disaggregated at each geographical level.

In the case of NUTS3 current prices, the data is disaggregated using the industry shares in the corresponding NUTS2 and then constrained to that parent region. For local authorities that do not constitute fully a NUTS3, disaggregation takes place using local authority workforce jobs data at the industry level.

In the case of Chain Volume Measure (CVM) GVA; where data is needed to be further disaggregated, implied deflators of the parent geography - NUTS2 in the case of a NUTS3 and NUTS3 in the case of a local authority - are used to deflate the nominal estimates. Due to excessive volatility in the raw GVA data, it is necessary to smooth the local authority estimates and constrain to the parent region. In some cases, this led to some magnitude of difference from the published ONS figures.

[1] The volatility represents sampling variability rather than actual volatility in the population data.
[2] In line with ONS guidelines, we use the official model-based estimates of local unemployment that are more accurate than survey data which suffers from volatility.

The inclusion of these new official statistics has led to noticeable historical revisions across the 38 sector forecasts, however, as is the case at the regional level, the data now provides a more accurate measure of historical activity in each local authority.
No estimates of household spending are provided at the local level. Household spending is, therefore, derived by using the share of local disposable income in regional disposable income.

Since June 2016, we have applied a moving average procedure to smooth the Annual Population Survey data which has resulted in revisions to our historical data.

We have not used any local data published after May 2024 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

3.3.2 Forecast

The local authority model is run separately for the local authorities in each region and takes the regional forecast as given. Accordingly, as with local history, local forecasts are constrained to the regional forecasts of the parent region.

Our local model is based on the resolution of demand and supply for labour, and it takes into account commuting between local areas within a region and across the regional boundary. The properties of the model are these:

- When unemployment is low, labour supply growth is the key determinant of growth.
- When unemployment is high, growth in demand for labour is the key determinant of growth.
- As unemployment decreases,
    - Labour supply growth becomes relatively more important
    - Growth in demand for labour becomes relatively less important
- An area's workplace employment growth depends on labour supply not only in the area but also
    - Labour supply growth in other local areas in the region from which it has historically drawn inward commuters.
    - Its historic share of incoming workers across the regional boundary.
- An area's residence-based employment growth depends on demand for labour not only in the area but also
    - Growth in demand for labour in other local areas in the region to which it has historically supplied commuters.
    - Its historic share of outgoing workers commuting across the regional boundary.
- Workplace based employment drives GVA growth.
- Residence based employment drives Income and, accordingly, spending growth.

The starting point is an estimate of the growth in the participation rate of those aged 16-64 and 65-plus in a local area. These are used to derive labour force growth.

In parallel, demand for labour is estimated. This is done at the industry level by linking job growth[1] in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level. The effect of this is:

- Demand for jobs at the local level is fastest in those industries which are performing best at the regional level.
- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

[1] Separately for employee jobs, self-employee jobs, government trainee jobs and Her Majesty's Forces.

The supply and demand for labour is then resolved in the following way:

- Total demand[1] for jobs for each local area is converted into demand for workers according to the historic ratio between jobs and workers into that local area.
- The inflow and outflow of workers across the regional boundary is shared out between local areas according to their historic commuting patterns leading to an adjustment in
    - The remaining demand for labour for a local area (*inflow*)
    - The remaining available labour for a local area (*outflow*)
- Workplace demands for workers are converted into residence-based demands according to historic commuting patterns.
    - If unemployment is sufficiently high, these demands are satisfied out of the growth in the labour supply and the pool of available (unemployed) workers.
    - If unemployment is sufficiently low, these demands can only be satisfied out of the growth in the labour supply.
    - If unemployment is above its lower bound but not too high, a proportion of demands are satisfied out of the pool of available workers and the rest are satisfied out of the growth in the labour supply.
    - The model makes short-term adjustments in the labour supply in response to demand conditions to reflect the economic reality that
        - When demand is high, the participation rate rises as potential workers are drawn into the labour force by the relatively buoyant conditions;
        - When demand is low, the participation rate declines as disillusioned workers leave the labour force because of the poor job market conditions;
    - The unemployment rate, accordingly, behaves as expected.
- The satisfied residence supply for labour is converted back into workplace demands and workplace-based employment is calculated for each local area. This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

The consequence of this is that:

- Local areas with high demand may not see all demand satisfied if there is insufficient labour supply available to meet those needs. Job growth will, accordingly, be slower.
- Local areas with high labour supply may not see higher growth in residence employment if there is insufficient demand for labour to use it up.

GVA growth is then forecast based on growth in workplace-based employment according to equations, which link GVA growth to workplace-based employment. Income is forecast by component based on residence-based employment (in the case of compensation for employees or self-employment), unemployment (in the case of benefits) and population in any other case. Spending depends on income by component.

[1] i.e. all industries and job types aggregated.

4 Key changes since March 2024 RPS

4.1 UK Economy

The June 2024 RPS forecast is consistent with the Experian May 2024 UK macro forecast, these projections reflect our central forecasts, which assumes that the Russia-Ukraine conflict continues and that no further sanctions are imposed on Russia or elsewhere. Moreover, domestic energy costs have reduced substantially from the highs of spring 2023 helping to reduce inflation, however robust wage growth has resulted in service inflation to stay elevated. Furthermore, stronger than anticipated GDP growth in the 3 months to May highlights the robustness of consumers and businesses as they navigate the high borrowing cost environment. Against this backdrop, we expect the Bank of England will reduce the base rate in Q3 2024. For more details on our alternative scenarios, please contact us.

For more details on our alternative scenarios, please contact us.

4.1.1 UK history

Since our March 2022 release, ONS have expanded their Supply and Use Tables (SUT) framework to current prices and previous year's prices. This not only reflects a wider range of annual surveys and administrative information for which estimates are based on, but also records the correct concept of GVA rather than turnover as a proxy indicator. At the industry level, the current price and volume relationship is now preserved, enabling new double deflated annual GVA volume estimates. There has been a modest revision to overall current price and volume GDP however, there are larger revisions at the industry level such as stronger volume growth in the manufacturing sector. The telecommunication services deflator has also improved, resulting in higher gross value-added volume growth.

For more details on these changes, please see the Impact of Blue Book 2021 changes on current price and volume estimates of gross domestic product release by the ONS.

4.1.2 UK outlook[1]

Data releases this month points further at a mixed performance through 2024. ONS data for April shows that GDP remained stagnant compared to 0.4% growth in March, and by 0.6% in the three months to March.

Survey data for June signals a gradual plateauing in the outlook. The latest S&P/CIPS global flash UK composite Purchasing Managers Index (PMI) registered a seven-month low of private sector activity, at 51.7 (a score above 50 is indicative of expanding GDP), falling from May's value of 53.0 and April's one year high of 54.1. However, a score above 50 still represents expanding sector activity.
A welcome, albeit tentative, rebound in the manufacturing sector PMI, up from 53.4 in May, to 54.2 in June offset a slowdown in service activity. The service sector reported a seven-month low reading of 51.2, down from 52.9 in May, though activity continues to expand as consumer spending strengthened.
Preliminary response data from June also points towards a further easing in inflationary pressures, with input price inflation slowing to an eight-month low across both sectors. However, while private sector employment rose for a sixth consecutive month, hiring difficulties and a subdued rate of job creation softened the rise to a fractional pace.
Consumer confidence, while not in positive territory, has also trended up over the past year, with the headline Gfk measure rising by three points to -14 in June. Forward-looking sentiment regarding the

[1] From our latest Macro Report June 2024.

economy and personal finances rose by six points and fell by three points, respectively, to sit at -11 and +4. The positive reading in the former bodes well for household spending.
Easing inflation which fell once again in May, to 2.0% (CPI measure) from 2.3% in April, is contributing towards the improvement in business and consumer confidence. Even though the 2.0% inflation target was hit, the Bank of England held the Bank Rate at 5.25% in June.

The labour market showed further signs of cooling in the three months to April. The unemployment rate continued to climb, up by 0.4pp from the previous quarter, but remains historically low, at 4.4%. However, annual pay growth held strong across both private and public sector, as 5.8% and 6.4%, respectively. The easing of inflationary pressures coupled with strong year-on-year pay growth has pushed back the date at which the market expects rate cuts sightly.

Nevertheless, given the improvement in the soft indicators and strength in the official data for the first quarter of the year our forecast for annual growth in GDP for 2024 is 0.8%. The performance remains constrained by the unfavourable base effects linked to the 2023H2 recession and tight public finances. Elevated interest rates and high tax rates also tighten consumer spending and economic activity in the short-medium term.

4.1.3 UK forecast

The following UK forecasts are from Experian June 2024, consistent with the regional forecast.

June 2024 RPS forecast (2019 prices). Previous forecast, March 2024 RPS (2019 prices) in brackets.

UK	2019	2020	2021	2022	2023	2024	2025-2029	2030-2043
GDP growth	1.6% (1.6%)	-10.4% (-10.4%)	8.7% (8.7%)	4.3% (4.3%)	0.1% (0.1%)	0.8% (0.4%)	1.7% (1.7%)	1.8% (1.8%)
Workforce Jobs growth	1.5% (1.5%)	-1.6% (-1.6%)	0.4% (0.4%)	2.5% (2.5%)	2.0% (2%)	-0.1% (-0.1%)	0.6% (0.6%)	0.6% (0.6%)
Unemployment rate	3.8% (3.8%)	4.6% (4.6%)	4.5% (4.5%)	3.7% (3.7%)	4.1% (4.1%)	4.5% (4.5%)	4.2% (4.2%)	4.0% (4%)
Real Income growth	2.0% (2%)	-0.3% (-0.3%)	1.2% (1.2%)	-1.7% (-1.7%)	2.2% (2.3%)	1.8% (1.4%)	1.8% (1.8%)	2.0% (2%)
Spending Volumes growth	1.1% (1.1%)	-13.2% (-13.2%)	7.4% (7.4%)	5.0% (5%)	0.3% (0.4%)	0.3% (0.5%)	1.7% (1.8%)	1.8% (1.8%)
House price growth	0.9% (0.9%)	2.8% (2.8%)	8.8% (8.8%)	9.7% (10.3%)	1.0% (0.4%)	0.8% (-0.7%)	3.6% (3.5%)	4.0% (4%)

ONS quarterly GDP release showed that in May 2024, the economy provisionally grew by 0.4% on a monthly basis following a period of no growth in April and marking a 1.4% rise from May 2023. On a three-month basis to May 2024 real GDP is estimated to have risen by 0.9%, is 1% higher than in the three months to May 2023 a year prior.

All three major sectors positively contributed to the GDP growth in May. The service sector continues to be the primary driver of growth, rising a further 0.3% in May following a 0.3% growth in April. This marked a fifth consecutive month of growth for the services sector, with 10 of the 14 subsectors noting a rise in output. The strongest contribution came from the wholesale and retail trade; repair of motor vehicles and motorcycles subsector, which rose by 1.8% in May, while consumer-facing services grew by 0.8% in May following a 0.6% downturn in April.

However, despite the monthly improvements in the other two major sectors their divergence in performance from the services sector on a three-month basis continues. The construction sector grew on a monthly basis by 1.9% in May, offsetting a revised 1.1% decline in April with eight of the nine construction sectors experiencing growth during the month of May. However, the sector has still fallen by 0.7% in the three months to May following a 10.3% decline in public housing new work.

At the same time, despite the production sector noting a 0.2% rise in output during May following a 0.4% upturn in manufacturing, it only marginally offset the 0.9% decline in April, resulting in no growth over the three months to May 2024.

Nevertheless, the headline picture of a return to monthly growth with 0.4% in May points to a continuation of economic growth that the UK has been experiencing in 2024 while business and consumer sentiment have persisted in their upward trajectory. Downside risks remain present however, such as the sticky services inflation, uncertainty in commodity prices and escalations of international conflicts. Nevertheless, even with such considerations in mind we forecast a stronger year of growth for the UK in 2024 with 1% growth, up from 0.1% growth in 2023.

ONS data released in June indicated that the labour market continued to cool in the three months to April, with trends that started at the beginning of the year continuing. The unemployment rate inched further above the pre-pandemic figure and the number of job vacancies fell closer to the pre-pandemic level. Real earnings, on the other hand, continue to accelerate.

Total and regular (excluding bonuses) pay growth eased slightly but remained strong at 5.7% in the year to March – May. Furthermore, with price inflation easing more swiftly than pay growth, pay in real terms grew by 2.2% (unchanged) and 2.5% (up 0.1pp) respectively, on the total and regular measures. While a good thing for household budgets which have been eroded in recent years, the strength in pay growth is underpinning uncomfortably high services inflation (6% in June).

A 24th consecutive period of easing job vacancies (down by 30,000 in the three months to April – June) and a tick up in the unemployment rate on the quarter to 4.4%, indicates that the labour market is loosening, and pay growth is likely to slow further. Unofficial payroll data for June indeed shows wage growth slowing markedly, to 3.6%, from 6% in May. On balance, the combined strength in services inflation and nominal pay growth has led us to push back our prediction for the first rate cut (of 0.25 basis points) by a month, to September.

The ONS continues to emphasise that caution should be exhibited when interpreting short-term movements in the latest unemployment rate data given the reduced Labour Force Survey (LFS) sample size, which has led to increased volatility of the estimates.

Consumer Price Index (CPI) inflation for June was unchanged at 2%. Annual goods inflation continued its downward trajectory, falling by 0.1pp, to -1.4%, while services inflation remained at 5.7%.
More than half of the overall CPI 12-month rate increase came from restaurants & hotels (0.88pp), recreation & culture (0.54pp), alcoholic beverages and tobacco (0.29pp) and miscellaneous goods & services (0.26pp).

Clothing and footwear year-on-year inflation fell sharply from 3% in May to 1.6% in June. This was driven by retailers enticing customers through the usual summer sales; however, discounting was much heavier than is typical for the month of June, likely driven by retailers trying to boost footfall against a backdrop of elevated borrowing costs and a higher incentive to save for consumers. Nonetheless, retail spending has been resilient this year, with May seeing a 2.8% rise in sales volume (quantity bought). This is likely to continue as we expect further positive real wage growth and interest rates falling towards the end of the year.

Conversely, restaurants and hotels inflation accelerated from 5.8% to 6.2% (representing a 0.9% month-on-month increase). Pushed by persistently high wage growth and likely due to the impact of Tayor Swift's music tour, which notably rose hotel prices in the cities and surrounding areas hosting the event.

On a monthly basis, prices rose by 0.1% in June. This was underpinned by an expansion in the price of restaurants & hotels (+0.14pp), housing, water, electricity, gas and other fuels (+0.03pp), food and non-alcoholic beverages (+0.02pp) and recreation & culture (+0.02pp). This helped to offset the clothing and footwear price decreases (-0.07pp).

Services inflation held steady at a strong 5.7% in June, which will be concerning for the Bank of England (BofE) as it suggests persistent inflationary pressures, driven by strong wage growth. Despite the June labour market data showing gradual signs of cooling, with the unemployment rate rising to 4.4% in the three months to May and a reduction of 30,000 vacancies from April to June 2024, wage growth remained robust. Average annual growth in regular earnings (excluding bonuses) and total earnings came in at 5.7% in the three months to May. However, flash estimates of payroll data for June indicated the lowest median wage growth since the COVID-19 pandemic, with growth decelerating from 6% in May to 3.6%. While these estimates are subject to revision, they suggest elevated borrowing costs are beginning to significantly impact the labour market, as businesses slow down hiring activities.

Overall, the latest data paints a mixed picture, potentially leading to a closely contested decision when the Monetary Policy meet in August to vote on a base rate cut. We expect the BofE will delay the first cut (of 0.25 basis points) until September, by which time there is likely to be more evidence of a slowdown in pay growth.

Public sector net debt excluding public sector banks (PSNB ex) was provisionally estimated at 99.5% of GDP at the end of June 2024, 2.8pp higher than June 2023. Excluding the Bank of England, debt was 91.6% of GDP.

The latest UK public sector finances report published by the Office for National Statistics (ONS) shows that public sector net borrowing excluding public sector banks (PSNB ex) in June 2024 was £14.5bn, £3.2bn less than in the same month a year earlier, and the lowest June borrowing since 2019. This took borrowing in the financial year to June 2024 to a provisional estimate of £49.8bn, £1.1bn less than in the same three months of 2023, and £3.2bn more than the £46.6bn forecast by the Office for Budget Responsibility (OBR).

The smaller net borrowing figure in June 2024 was the result of both lower government costs and higher government income. On the costs side, central government total expenditure was £94.5bn in June 2024, £2.1bn less than a year earlier. Interest payable on central government debt came to £7.4bn, down by £5.5bn. The decrease was largely due to the interest payable on index-linked gilts, which rises and falls with the Retail Prices Index. Central government spending on goods and services, and net social benefits, on the other hand, rose by £2.0bn to £35.3bn, and by £1.1bn to £25.0bn, respectively. The increase in the former was driven by inflation and pay rises, and in the latter by the inflation-linked benefits uprating.

Central government receipts were £79.9bn in June 2024, £1.2bn more than in June 2023. Tax receipts continued to increase, up by £2bn to £60.6bn, with income tax, corporation tax and value added tax (VAT) receipts rising by £1bn, £0.8bn and £0.5bn, respectively.

Affected by the reductions in the main rates of National Insurance in 2024, compulsory social contribution receipts declined further, down by £1.2bn to £13.9bn.

This underscores a significant challenge for the Labour government following the election on July 4th. With the debt to GDP ratio (including the Bank of England) at around 100%, we do not envisage the introduction of large spending commitments or tax cuts in the short-term.

The total trade in goods and services deficit widened by £1.6bn to £92.1bn the three months to May 2024. Driven by and increase in imports and a fall in good exports.

The latest UK trade data revealed that, in April 2024, the value of goods imports decreased by £2.3bn (4.7%), attributed to a reduction in EU imports of machinery & transport equipment. Moreover, goods exports decreased due to a fall in exports to the EU and a fall in fuel exports to non-EU countries
Examining goods trade by commodity, imports from the EU decreased in May by £1.9bn (7.1%). A £1.0bn decline in machinery and transport of equipment was a driving force behind the growth. Similarly, imports from non-EU countries decreased by £0.4bn (1.8%), caused mainly by a £0.3bn reduction in miscellaneous manufactures.

Meanwhile, services trade experienced growth in both imports and exports of £0.1bn (0.4%) and £0.1bn (0.3%), respectively. Compared to April 2024, there is once again only minor differences between trade in services trends in value and inflation-adjusted terms despite price rises affecting trade in services in recent months.

Additionally, in the three months leading to May 2024, total imports rose by £2.8bn (1.3%), while goods and services exports increased by £1.2bn (0.5%).

We expect to see strengthening in export growth in the near future as it was reported in the July flash estimates of improved foreign demand and firms experiencing the fasts rise in new export orders for 16 months. Furthermore, the Manufacturing and service sector showed improved optimism for the future which may enable further production expansion and employment growth helping to boost productivity, potentially leading to increases in exports.

4.1.3.1 Upside Risks

Sanctions lift: The possible lifting of curbs upon Russian gas and oil exports to Europe remains the most significant upside risk to the forecast. This would support a quicker fall in inflation to the Bank of England's 2% target and diminish cost-of-living pressures on households.

Post-general election certainty: Though a summer 2024 general election will create business uncertainty in the run-up, a decisive result may lead to a boost in demand in 2025 and beyond, due to more policy certainty.

Labour force: ‘Back to work’ policies announced in recent policy decisions could see the labour force grow more quickly than projected, buoying growth in the medium to long term.

Savings rates: Consumer demand has been relatively resilient against a backdrop of high inflation. Lower precautionary saving than projected could see continued outperformance.

Monetary Policy: A swifter drop back in services inflation could prompt a sharper loosening in monetary policy than that shown in the base case. This would have positive implications for household budgets and spending.

4.1.3.2 Downside Risks

Gas prices: Though European gas prices have fallen in recent weeks, cold weather in winter and stronger demand globally could see prices rise. This would add to inflationary pressures in the UK and hurt consumer spending.

Middle East escalation:. The conflict in the Middle East is yet to prompt a significant revision to our base case economic forecast. The key risk we envisage is that one or several major oil producing nations cut oil supply as a political reaction to the conflict. A wider conflict could also disrupt global supply chains. Additionally, the impact of the crisis in the Red Sea could drive up operating costs for businesses due to longer delivery times and delaying logistical plans as ships are rerouted to go around Africa's Cape of Good Hope. All outcomes would result in increased inflation.

Job security concerns: Consumers may choose to build up savings if they become more concerned around job security as unemployment increases, which would drive demand down.

Chinese economy: If recent weakness turns into a sustained period of slower growth, this will weigh on the global and UK economies.

House Prices: Official data shows that UK house prices rose by 1.1% in the 12 months to April. A renewed downturn could lead to lead to a knock to consumer confidence and spending, which would reduce overall demand in the economy.

4.2 Regional Forecast

In addition to changes in the UK history, which our regional data is constrained to, changes in the regional history can be traced back to the latest quarterly data (March 2024 RPS endpoint in brackets):

- Regional Workforce Jobs 2023 Q3 (2023 Q3)
- ILO Data for 2023 Q4 (2023 Q3)
- Business Register and Employment Survey (BRES) 2022 (2022)
- Annual Survey of Hours and Earnings (ASHE) 2023 (2023)

Also note that the historical processing and forecasting has been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

June 2024 RPS forecast. Previous forecast (March 2024 RPS) in brackets.

Regional forecast 2024-43	SW	SE	GL	ET	EM	WM	NW	NE	YH	SC	WA	NI
GVA growth	1.7% (1.6%)	1.9% (1.8%)	2.1% (2.1%)	1.7% (1.7%)	1.5% (1.5%)	1.5% (1.5%)	1.4% (1.4%)	1.2% (1.2%)	1.4% (1.4%)	1.3% (1.3%)	1.3% (1.3%)	1.2% (1.2%)
Workforce Jobs growth	0.6% (0.6%)	0.7% (0.7%)	1.0% (1%)	0.6% (0.6%)	0.5% (0.5%)	0.3% (0.3%)	0.3% (0.3%)	0.3% (0.3%)	0.3% (0.3%)	0.1% (0.1%)	0.2% (0.2%)	0.2% (0.2%)
Unemployment rate	3.0% (3%)	3.3% (3.3%)	5.1% (5.1%)	3.5% (3.5%)	4.1% (4.1%)	4.7% (4.7%)	4.7% (4.7%)	5.4% (5.4%)	4.2% (4.2%)	3.8% (3.9%)	3.8% (3.9%)	3.6% (3.7%)
Real income growth	1.8% (1.7%)	2.2% (2.2%)	2.3% (2.3%)	2.3% (2.2%)	1.7% (1.7%)	1.6% (1.6%)	1.6% (1.6%)	1.2% (1.2%)	1.6% (1.6%)	1.6% (1.6%)	1.5% (1.5%)	1.8% (1.7%)
Spending volumes growth	1.4% (1.4%)	1.9% (1.9%)	2.4% (2.4%)	1.8% (1.8%)	1.5% (1.5%)	1.5% (1.5%)	1.5% (1.6%)	1.2% (1.2%)	1.5% (1.5%)	1.3% (1.3%)	1.2% (1.2%)	1.6% (1.6%)
House price growth	3.8% (3.7%)	4.2% (4.1%)	4.0% (3.9%)	3.8% (3.7%)	3.6% (3.5%)	3.3% (3.3%)	4.0% (3.9%)	3.5% (3.4%)	3.0% (3%)	3.6% (3.6%)	3.4% (3.3%)	3.5% (3.4%)

4.3 Local Forecast

In addition to revisions at the regional and the UK level to which our local data is constrained to, changes to the local history can be traced back to the following new quarterly data (March 2024 RPS endpoint in brackets):

- APS data for 2020 Q4 (2020 Q4)
- Business Register and Employment Survey (BRES) 2022 (2022)
- Annual Survey of Hours and Earnings (ASHE) 2023 (2023)

Also note, that the historical processing and forecasting has been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

For more information about how the history is constructed refer to section 3.2.1 for regions and section 3.3.1 for local authorities.

4.4 Population

Population forecasts for all locals, regions and nations have been updated to include published mid-year estimates between 2017-19, onto which the latest 2018-based population projections are spliced. The ONS have revised population projections downward in the mid-to-long run for all nations. Compared to 2016, the ONS now expects higher net international migration, women to have fewer children due to a fall in total fertility rates, and life expectancy not to increase as much as previously expected.

- The populations of all regions in England are projected to grow by mid-2029; regions in the north of England are projected to grow at a slower rate than those in the south.
- East Midlands is projected to be the fastest growing region; the North East is projected to have the slowest rate of growth.
- Nearly all local authorities are projected to grow by mid-2029; the populations of 43 local authorities are projected to fall.
- North West Leicestershire is projected to be the fastest growing local authority in England; its population is projected to grow by 15.1% between mid-2019 and mid-2029.
- The number of people in older age groups is projected to grow faster than those in younger age groups in all but one local authority, Coventry. By mid-2029, a total of 122 local authorities are projected to have a population where at least one-quarter of the population is aged 65 and over.
- Over the 10 years to mid-2029, London is the region with the fastest increase in population of those aged 65 and over; however, it remains the region with the lowest old age dependency ratio. The South West is projected to have the highest old age dependency ratio by mid-2029.

5 A note from the ONS on volatility

A change in methodology behind the ONS employment surveys has produced widespread volatility in the historical data, particularly from 2010.

The following is an explanation directly from the ONS, please see section 3 for more information on how we deal with volatility in the official data:

> "A fundamental redevelopment of Workforce Jobs sources, classifications, methods and systems was recently undertaken and is explained clearly in the article 'Revisions to Workforce Jobs' (Barford 2010). One of the key changes highlighted in this article was the replacement of a matched-pairs estimator with a point-in-time ratio estimator, ONS's standard method. This change was aimed at removing the bias caused by the matched-pairs method. A matched-pairs method tends to underestimate change over time, as it excludes the births and deaths of businesses in the sample. In essence, only those businesses sampled in two consecutive periods are used to produce estimates of change. This bias used to cause large revisions when the short-term employment surveys series were benchmarked retrospectively to Business Register Employment Survey (BRES) estimates. BRES is an annual survey which selects a larger sample and also uses a point-in-time ratio estimator. The point-in-time estimator includes all sampled businesses in each and every period, which reduces the bias over-time. The trade-off is an increase in volatility caused by the inclusion of the rotated part of the sample for small and medium sized businesses. Sample rotation spreads the administrative burden; ensuring businesses are selected for a limited number of periods.
>
> Unfortunately, the volatility of regional estimates at an industry level has been far greater than anyone anticipated and in general has been met unfavourably by users, particularly those that are interested in regional data. There are a number of instances, for example, whereby businesses have been 'rotated in' to a particular region and served to distort the level of jobs for a particular industry, usually for a period of 5 quarters, which is the time a rotated business remains in the sample of the STES."

Regional employment is the most timely and only source of quarterly data at this level of geography and is used to derive the quarterly profile of other variables in our regional models. Therefore, this volatility is reflected in output as well as employment. Please see section 3 for more information on how we deal with volatility in the official data.

Appendix A…. Glossary of terms

Glossary of terms

Gross Domestic Product (GDP) Total work done in an economy in a period measured in one of three ways:

- Output Measure: Output of all goods and services less inputs
- Income Measure: Income earned by all parts of the economy
- Demand Measure: Demand for goods and services comprised of
    - Expenditure by Households, NPISH and Government
    - Investment (Gross Fixed Capital Formation) by business and Government
    - Changes in Inventories and Acquisitions less disposals of valuables
    - Exports less imports

GDP is measured in market prices: this means that the prices used to convert output of goods and services into money include taxes and subsidies by the government. Distributors' margins are credited to the industry producing the goods and services not to the distribution industry.

Gross Value Added (GVA) GVA is identical to GDP except that it is measured in basic prices. These prices do not include taxes and subsidies imposed by the government. Distributors' margins are credited to the distribution industry. GVA for an industry is described by either of the following identities:

- GVA is identical to output of the industry less inputs of the industry
- GVA is identical to the sum of
    - Compensation of Employees in the industry
    - Gross Operating Surplus (i.e. profit) earned by capital in the industry

When looking at GVA for an industry, it is important to realise that it only includes the output of that industry (i.e. the value added by that industry.) For example, retailing GVA only includes the value added by retailers (e.g. customer service etc).

GVA in the RPS is measured by the place where the work is done (workplace based) and not where the worker resides.

Current Price / Chain Volume Measure (CVM) Data where the unit of measurement is money are available either in Current Price (or Nominal) terms or CVM (or Real) terms. The distinction is important because the buying power of money changes over time. For current price data, no adjustment is made for this fact. CVM data adjusts all figures in a time series to be consistent with the buying power of money in a given year (the reference year). Current Price data, thus, measures values while CVM data measures volumes. For example, Current Price GDP is the money value of production in a given period while CVM GDP is the amount of production. For years before the reference year, CVM data is not additive (thus the sum of GVA for all sectors will not equal total GVA.) In all other years, CVM data is additive.

Productivity A measure of efficiency calculated by estimating output per unit of input

Workforce Jobs A count of the total number of jobs in the UK, a region or industry. It is comprised of

- Employee Jobs: The number of jobs where the occupant is an employee.
- Self-employee Jobs: The number of jobs where the occupant is self-employed
- Government-Sponsored Trainees: The number of jobs where the occupant is on a government training scheme.
- Her Majesty's Forces: The number of jobs in the armed forces (part of Public Administration & Defence).

Workforce jobs and all its components count jobs and not people. This means that where a person has two or more jobs they are counted once for each job that they have. This can be contrasted with the ILO employment measures. Another consequence of counting jobs is that Workforce Jobs is based on the place of work not the residence of the worker

Full Time Equivalent Employment: Our definition is based on total hours worked and is as follows:

FTE = (HOURS) divided by (37.8*13)

Here a constant yardstick of full-time employment for all industries, regions and industry-region based on thirteen working weeks in a quarter at 37.8 hours a week. 37.8 hours is the average hours worked by a full-time worker in the UK between 1990 and 2009.

ILO Employment The International Labour Organisation (ILO) provides an international standard method of measuring employment. In the UK this is implemented by means of a survey known as the Labour Force Survey (LFS) or Annual Population Survey (APS). It is a people count based on the main job that a person has. Employment comprises:

- Employees: People whose main job is as an employee.
- Self-employed: People whose main job is as a self-employed person.
- Government-Sponsored Trainees: People whose main job is on a government training scheme.
- Unpaid Family Workers: People whose main job is as an unpaid worker in a business owned by their own family.

There are two measures:

- Residence based, which depends on the place of residence of the worker (irrespective of where they work.)
- Workplace based, which depends on the place of work of the worker (irrespective of where they reside.)

The ILO Employment reported is based on the entire population in work ages 16+.

ILO Unemployment The International Labour Organisation (ILO) definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.
ILO unemployment is only available on a place of residence basis and is based on the entire unemployed population ages 16+.

Labour Force / Economically Active The sum of ILO Unemployment and ILO Employment. That is all people who are in work or who are looking for a work. A person who is in the labour force is said to be Economically Active.

The Labour Force includes the entire Economically Active population ages 16+.

Economically Inactive A person who is not economically active. The principal categories are retirees, students, children, long-term sick or disabled, homemakers and carers. This does not include school-aged people.

Claimant Count Unemployment Measures the number of people who are claiming Jobseekers' Allowance (JSA). This is always less than ILO Unemployment because not everyone who is ILO unemployed is eligible to claim JSA and not all who are eligible claim. Particular important cases are:

- People whose partners work more than 16 hours a week – they cannot claim JSA but may be ILO unemployed.
- People who are past state retirement age – they cannot claim JSA but may be ILO unemployed.

Extra Region In addition to the 9 English regions and the nations of Scotland, Wales and Northern Ireland, the UK's economic boundary includes the continental shelf and UK government operations abroad (i.e. embassies and HMF abroad). The ONS does not assign income or GVA attributable to these sources to any region or nation. Therefore, the sum of regional Income or GVA does not equal the UK. This also impacts on two industries Extraction & Mining and Public Administration & Defence.

School Age Population Population aged 0-15.

Working Age Population Population above the age of 15 but below the current state retirement age for their gender.

Retirement Age Population The population above state retirement age. The precise retirement date depends on date of birth and, for those born before 6th November 1953, on gender. At present, there is a phased equalisation in progress. After 6th November 2018, both men and women will retire at 65. This will rise to 66 between 6th March 2019 and 6th September 2020 and 67 between 6th April 2026 and 6th March 2027. Our forecasts take account of these changes to retirement legislation.

Adult (16+) Population Number of all people aged 16 and above.

Household Consumer Spending The accounts relate to consumption expenditure by UK resident households, either in the UK or the rest of the world. Spending by non-residents in the UK is excluded from the total

Household consumption includes goods and services received by households as income in kind, in lieu of cash, imputed rent for the provision of owner-occupied housing services and consumption of own production

For national accounting purposes, households are individuals or groups of people sharing living accommodation

Household Disposable Income Household disposable income is the total payment to households (from wages, interest, property income and dividends) less taxes, social security, council payments and interest

Cost of living index Regional consumer spending deflator. Gives an indication of how the value of consumer spending has grown in comparison to the volume.

NUTS (Nomenclature of Territorial Units for Statistics) A European Union standard for classifying the subdivisions of member states. In the case of the UK, the English regions and the three nations are classified as NUTS1. The next level – NUTS2 – typically consists of aggregations of local authorities in the same region. The level below that, NUTS3 consists either of single local authorities or a small aggregation of local authorities in the same NUTS2. In Scotland, some local authorities are divided between NUTS3. NUTS4 and NUTS5 also exist but are not used in the RPS.

Appendix B…Sector definitions

Sector definitions

Experian 38-sector	SIC-2007 division	Falls within Experian 12-sector
Agriculture, Forestry & Fishing	01 Crop and animal production, hunting and related service activities	Agriculture, Forestry & Fishing
	02 Forestry and logging	
	03 Fishing and aquaculture	
Extraction & Mining	06 Extraction of crude petroleum and natural gas	Extraction & Mining
	05 Mining of coal and lignite	
	07 Mining of metal ores	
	08 Other mining and quarrying	
	09 Mining support service activities	
Food, Drink & Tobacco	10 Manufacture of food products	Manufacturing
	11 Manufacture of beverages	
	12 Manufacture of tobacco products	
Textiles & Clothing	13 Manufacture of textiles	
	14 Manufacture of wearing apparel	
	15 Manufacture of leather and related products	
Wood & Paper	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	
	17 Manufacture of paper and paper products	
Printing and Reproduction of Recorded Media	18 Printing and reproduction of recorded media	
Fuel Refining	19 Manufacture of coke and refined petroleum products	
Chemicals	20 Manufacture of chemicals and chemical products	
Pharmaceuticals	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Rubber, Plastic and Other Non-Metallic Mineral Products	22 Manufacture of rubber and plastic products	
	23 Manufacture of other non-metallic mineral products	
Metal Products	24 Manufacture of basic metals	
	25 Manufacture of fabricated metal products, except machinery and equipment	
Computer & Electronic Products	26 Manufacture of computer, electronic and optical products	

	27 Manufacture of electrical equipment	
Machinery & Equipment	28 Manufacture of machinery and equipment n.e.c.	
Transport Equipment	29 Manufacture of motor vehicles, trailers, and semi-trailers	
	30 Manufacture of other transport equipment	
Other Manufacturing	31 Manufacture of furniture	
	32 Other manufacturing	
	33 Repair and installation of machinery and equipment	
Utilities	35 Electricity, gas, steam, and air conditioning supply	Utilities
	36 Water collection, treatment, and supply	
	37 Sewerage	
	38 Waste collection, treatment, and disposal activities; materials recovery	
	39 Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the clean-up of contaminated buildings and sites, soil, surface, or ground water.	
Construction of Buildings	41 Construction of buildings	Construction
Civil Engineering	42 Civil engineering	
Specialised Construction Activities	43 Specialised construction activities	
Wholesale	45 Wholesale and retail trade and repair of motor vehicles and motorcycles	Wholesale & Retail
	46 Wholesale trade, except of motor vehicles and motorcycles	
Retail	47 Retail trade, except of motor vehicles and motorcycles	
Land Transport, Storage & Post	49 Land transport and transport via pipelines	Transport & Storage
	52 Warehousing and support activities for transportation	
	53 Postal and courier activities	
Air & Water Transport	50 Water transport	
	51 Air transport	
Accommodation & Food Services	55 Accommodation	Accommodation, Food Services & Recreation
	56 Food and beverage service activities	
Recreation	90 Creative, arts and entertainment activities	
	91 Libraries, archives, museums, and other cultural activities	
	92 Gambling and betting activities	
	93 Sports activities and amusement and recreation activities	

Media Activities	58 Publishing activities	Information & communication
	59 Motion picture, video and television programme production, sound recording and music publishing activities	
	60 Programming and broadcasting activities	
Telecoms	61 Telecommunications	
Computing & Information Services	62 Computer programming, consultancy, and related activities	
	63 Information service activities	
Finance	64 Financial service activities, except insurance and pension funding	Finance & Insurance
	66 Activities auxiliary to financial services and insurance activities	
Insurance & Pensions	65 Insurance, reinsurance, and pension funding, except compulsory social security	
Real Estate	68 Real estate activities	Professional & Other Private Services
Professional Services	69 Legal and accounting activities	
	70 Activities of head offices; management consultancy activities	
	71 Architectural and engineering activities; technical testing and analysis	
	72 Scientific research and development	
	73 Advertising and market research	
	74 Other professional, scientific, and technical activities	
	75 Veterinary activities	
Administrative & Supportive Service Activities	77 Rental and leasing activities	
	78 Employment activities	
	79 Travel agency, tour operator and other reservation service and related activities	
	80 Security and investigation activities	
	81 Services to buildings and landscape activities	
	82 Office administrative, office support and other business support activities	
Other Private Services	94 Activities of membership organisations	
	95 Repair of computers and personal and household goods	
	96 Other personal service activities	
	97 Activities of households as employers of domestic personnel	
	98 Undifferentiated goods- and services-producing activities of private households for own use	

Public Administration & Defence	84 Public administration and defence; compulsory social security	Public Services
	99 Activities of extraterritorial organisations and bodies	
Education	85 Education	
Health	86 Human health activities	
Residential Care & Social Work	87 Residential care activities	
	88 Social work activities without accommodation	

Appendix C…Geography definitions

We forecast at the following geographic breakdowns:

- UK
- Regions (12)
- Counties (64)
- Local authorities, post-2023 boundaries (317+33 London boroughs)

Appendix D…FAQ's

- Why does Experian's history for variable x differ from another source / raw survey data?

There are several possible reasons.

  - The first is a vintage mismatch. The ONS frequently revises its economic data in order to take account of new information or improved methodology. The date at which Experian has taken data for the current RPS is given in the body of this guide. Another source may have used earlier or later data.
  - The second relates to data processing. As explained in the body of this guide, it is sometimes necessary at the regional level and (particularly) at the local level to process or construct data. Our approach to doing this is explained in the body of this guide. We apply consistent methodologies to process the data. Other sources may carry this out in different ways. When compared against the raw source, our data may differ because, for example:
    - It has been constrained to other sources.
    - It has been converted into CVM data or quarterly data.
    - It has been made consistent with other data or a later vintage of data.
  - The third relates to raw survey data. Raw survey data is often volatile and does not consider information outside the survey. Official statistics and our data are constructed from the raw survey data to take into account volatility, sampling issues and all available data sources.

- Why does Experian's job history differ from the *ABI* or *BRES*?
  - The ABI/BRES are surveys taken from a particular year; they are not updated.
  - ABI/BRES is a source for ONS' workforce jobs, but it is not the only source.
  - BRES does not include government supported trainees, HM forces jobs and every self-employed small business. As a result, BRES's employment numbers (mainly consisting of total employees and working owners e.g. sole traders) would be lower than the ONS's workforce jobs.
  - Experian's workforce job history is designed to be consistent with the latest available ONS workforce jobs estimates, which includes a broad range of jobs (i.e. employee jobs, self-employment jobs, government supported trainees and HM forces).
  - Raw survey is often incomplete and suffers from sampling variability, which does not represent true volatility in the underlying population data. This must be removed to ensure high quality data.

- How often are data updated?
  - We always use the latest available data at the cut-off date for history.
  - New GVA data is available from the ONS
    - At the UK Level, three times a quarter.
    - At the Regional and Local level, annually (normally in December.)
  - New Expenditure data is available from the ONS at the UK level twice a quarter.
  - New LFS Employment data is available from the ONS once a quarter.
  - New Workforce Jobs data is available from the ONS once a quarter.
  - New BRES is published once a year (normally in December.)
  - New Income data is available from the ONS
    - At the UK level, once a quarter.
    - At the Regional and Local level, once a year (normally in April.)
  - Population projections are published once every two years.
  - New mid-year population estimates are published annually.
  - New LCFS is published annually.

- How do revisions to historical data affect your history and forecasts?
  - As explained above, we always take into account the latest historical data.
  - The monthly UK macro forecast is updated after each ONS revision of GDP for a quarter.
  - The RPS is based on a particular UK macro forecast and includes the latest available regional and local data.

- Forecasts are updated to be consistent with the latest historical data. While this will typically only affect the short-to-medium term, there are times when the long-run is necessarily affected. This will usually be when there has been a substantial revision to history.

- How are past growth trends captured in the forecasts?
  - All our models are econometric models.
  - An econometric model is a model estimated on historical data.
  - The coefficients (i.e. interactions) in the model embed historical relationships between variables and historical growth rates in a variable.
  - Where we believe that the forecast relationships may differ from history, we make appropriate adjustments to the forecast. This may be the case, for example, where an area has been substantially redeveloped in recent years.

- How are industry/regional/local developments and policies reflected in forecasts?
  - If past developments and policies are reflected in model inputs (for example population) or in history, then they will be automatically captured by the model.

  - Our forecasts are policy-neutral in the sense that in our baseline assumes that sufficient projects, infrastructure, jobs etc. will be provided to meet the needs of the population in the long term. Thus although the project may not be explicitly included, an assumption that a project of its nature may have been included in the baseline.
  - It is important to realise that many developments or policies may not be sufficiently large enough to affect growth rates or may be implicitly included in the forecast from a higher level of aggregation.

  - We are able to make appropriate adjustments to the forecast to take into account certain large projects.
  - At the industry level we can consider announced developments in that industry which are large enough to affect the growth in the industry at the national, regional, or local level (as the case may be).
  - At the regional and local, we have considered announced developments or policies which are large enough to affect growth at the regional or local level. The local model, in particular, has the facility to take into account the impact of additional population or jobs in a particular area.
  - The final forecast will show the net effect of the adjustment, after the effects of population constraints, job cannibalisation, commuting patterns etc.

- How does population relate to the employment forecasts?
  - This is discussed in detail in the methodology section above for the regions and the locals.
  - It is important to remember that employment is forecast on both a residence and workplace basis.
  - Residence based employment depends on local population (labour supply) growth but also on demand for work throughout the region and across the regional boundary.
  - Workplace based employment depends on labour supply throughout the region and across the regional boundary.

- What is working age?
  - The definition of working age used based on the state pension age.
  - As the state pension age for men and women changes in line with announced policy, the working age population will change to take this into account.
  - The key changes to the state pension age that have been announced are:
    - A gradual equality in state pension age for men and women.
    - A gradual rise in state pension age for both men and women to 67 (and 68 after the forecast horizon.)

- What is the participation rate / economic activity rate?
  - The participation rate or economic activity rate is the proportion of the population who are either employed or seeking employment (i.e. unemployed.)

- The participation rate used in our models is based on the entire adult population (16+). This differs from earlier versions of our models which used only the working age population.
- The participation rate is an endogenous variable in all our models. It is not a fixed assumption.

- What assumptions have been made regarding commuting in the local model?
  - Commuting in the local model is based on estimates given by the ONS.
  - These are based on the Census 2011.
  - Commuting assumptions are fixed over the forecast.
  - However, the outcome for commuting may differ from the assumption because (for example) there is insufficient demand or supply for labour to provide as many workers as possible across a particular commuting relationship.

- How is Full-Time Equivalent employment derived?
  - This is based on the total hours worked (please see the glossary.)
  - The relationship between FTEs and hours is fixed by definition.
  - In different industries, the hours worked per job will differ.
  - Historical data for this is taken from ASHE (please see the body of the guide.)
  - The forecast considers changing trends in hours per job. This will necessarily alter the relationship between Full-Time Equivalent employment and jobs.

- How does the weighting of different factors change over the forecast period?
  - There is no fixed rule about the changes in this time.
  - The coefficients of the econometric equations are fixed over time.
  - However, at the local level population growth becomes more important as unemployment decreases.

- Are any automation and artificial intelligence (AI) assumptions considered in the labour market forecast period?
  - The labour force size is an independent variable in the employment forecast, alongside lagged employment and total hours worked (and lagged total hours worked).
  - The coefficients of the econometric equations are fixed over time.
  - Total hours worked is dependent on Gross Domestic Product (reflecting the strength (or not) of the economy), and labour augmenting technical progress.
  - The latter considers the impact of automation and artificial intelligence on hours and highlights a negative coefficient.

Appendix E…About us

Our economic forecasting expertise

Experian's team of 20 economists is a leading provider of global, national, regional, and local economic forecasts and analysis to the commercial and public sectors. Our foresight helps organisations predict the future of their markets, identify new business opportunities, quantify risk, and make informed decisions.

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02
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03
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Appendix 5 Sites Assessment

Site Ref	Site Name	Site Overview							Current Characteristics and Attractiveness											Constraints				Overall Site Scoring (Out of 15)	Opportunities including potential for intensification/more efficient use of land and improvements to access etc	Developable land (ha)	LSIS recommendation
									Occupancy				Existing site/building features						Market Attractiveness	Scoring (Current characteristics and attractiveness)							
		Total Area (ha)	Floorspace (Footprint) (sq.m) (CoStar)	No. of Businesses (VOA)	Site Designation	Current/Recent Planning Applications (within previous 12 months)	Accessibility to strategic and local road network	Score (Site Overview)	Occupied?	Vacant cleared site	Vacant land with derelict buildings	Vacant land with vacant floorspace capable of being occupied	Building Users	No. of storeys	Condition (CoStar)	Age	Loading and Yards	Parking Availability			Proximity to incompatible uses	Development constraints including access, utilities, contamination and other	Other development constraints	Scoring (Constraints)			
1	**Greenwich Peninsula West**	20.8	82,358	47	SIL/Cluster	23/3911/F The erection of part-3, part-23, part-35 storey buildings, providing up to 564 residential apartments (Class C3), light industrial (Class E(g)(iii)) and community / café use (Sui Generis), and associated highways, landscaping and public realm works(This application is an EIA development and is accompanied by an Environmental Statement)	Close proximity to A102 leading towards M25	4	Yes	No	No	No	Alcatel Submarine Networks, Brenntag UK Limited	Mostly 2-3 storeys	Mostly 2 and 3 star	Mostly 1980's	Yes	Good parking availability across the site	high	4	Some residential to the south of the site	none	none	4	12	Some potential for intensification at the north of the site	3	Existing SIL
2	**Charlton Riverside West**	53	221,350	193	SIL/Cluster	23/3224/F Application for change of use from 'data centre' to a flexible use including provision for: Class B8 (storage and distribution) and / or Class E(g)(iii) (industrial processes).	Close proximity to A102 leading towards M25	5	Yes	No	No	No	Sainsbury's, CEMEX, CSB Logistics	Mostly 2-3 storeys	Mostly 2 and 3 star	Mostly 1980's	Yes	Decent parking availability across the site	high	5	Some residential to the west of the site	none	none	3	13	None significant	0	Existing SIL, cluster to the east has potential for LSIS designation
3	**Charlton Riverside East**	19.2	172,772	193	SIL/Cluster	24/0059/F Temporary use of the site to accommodate self-storage units with associated parking	Close proximity to A205 leading towards M25	4	Yes	No	No	No	SMP Group, Beacon Group Ltd, Thames Barrier Depot	Mostly 2-3 storeys	Mostly 2 and 3 star	Mostly 1950's	Yes	Good parking availability across the site	high	4	Some residential to the north of the site	none	none	4	12	None	0	Existing SIL
4	**West Thamesmead and Plumstead**	74.8	190,289	174	SIL/Cluster	None	Close proximity to A205 leading towards M25	4	Yes	No	No	No	Stagecoach Bus Garage, Greenwich Recycling Centre, Ketra Logistics	Mostly 2 storeys	Mostly 2 and 3 star	Mostly 1980's	Yes	Good parking availability across the site	high	4	Some residential in close proximity to the site	none	close proximity to Belmarsh Prison	3	11	Some intensification potential the the south of the site	2.4	Existing SIL
5	**Woolwich Town Centre**	82.7	365,226	259	Town Centre Area	23/3844/EIA Request for an EIA Screening Opinion in accordance with Regulation 6 of the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 (as amended) for a proposed reserved matters application for a mixed-use development within Plots D and K3, K4 & K5 with up to 660 residential units, and up to 1,100m2 (GEA) non-residential floorspace and landscaping pursuant to outline planning permission dated 17/03/2017 (Reference: 16/3025/MA). The submission of the reserved matters application will be subject to the submission and approval of an application submitted under Section 96a of the Town & Country Planning Act 1990 for a non-material amendment to the planning permission dated 17/03/2017 (Reference: 16/3025/MA) to allow amendments to the parameter plans including building plots, basement car parking, vehicular access and circulation, maximum and minimum heights.	Close proximity to A205 leading towards M25	4	Yes	No	No	No	Mixed town centre uses	Mostly 2 storeys	Mostly 2 and 3 star	Mixed	Yes	Good parking availability across the site	medium/high	4	Some residential in close proximity to the site	slightly congested local access due to town centre location	none	3	11	Largely developed, dense town centre location	minimal	Not appropriate for LSIS designation
6	**Greenwich Town Centre**	62.1	389,255	200	Town Centre Area	24/1293/EIA Environmental Impact Assessment Scoping Opinion under Regulation 15 of the Town and Country Planning (EIA) Regulations 2017 (as amended) for the refurbishment of Devonport House (existing education uses) and demolition of an existing building (the Conference Centre) to create a new build extension to Devonport House providing additional education space.	Close proximity to A2 leading towards M25	4	Yes	No	No	No	Mixed town centre uses	Mostly 3 storeys	Mostly 2 and 3 star	Mixed	Yes	Good parking availability across the site	medium/high	4	Some residential in close proximity to the site	slightly congested local access due to town centre location	none	3	11	Largely developed, dense town centre location	minimal	Small industrial cluster to west of the town centre, is suitable for general protection designation
7	**Eltham Town Centre**	37.2	71,710	48	Town Centre Area	None	Close proximity to A2 leading towards M25	4	Yes	No	No	No	Mixed town centre uses	Mostly 2-3 storeys	Mostly 2 and 3 star	Mixed	Yes	Good parking availability across the site	medium/high	3	Some residential in close proximity to the site	slightly congested local access due to town centre location	none	3	10	Largely developed, dense town centre location	minimal	Not appropriate for LSIS designation
8	**O2 Office Cluster**	2.9	58,860	72	Office Cluster	None	Close proximity to A102 leading towards M25	5	Yes	No	No	No	Now Gallery, Champion 3D, Take 3 Agency	Larger office blocks of 5-10 storeys	Mostly 4 star	Mostly 2010-2020's	No	Poor parking availability across the site	high	5	Some residential in close proximity to the site	none	none	4	14	Newly developed location, high density	0	General protection employment site (office cluster)
9	**The I/O Centre**	10.7	48,944	10	Existing industrial estate	23/3417/F Change of use of Units 1 and 2 from Use Class E(g)(i) (Office) to E(g)(iii) (Industrial Processes) and/or B8 (Storage and Distribution) and Units 3 and 5 from Use Class B8 (Storage and Distribution) to E(g)(iii) (Industrial Processes) and/or B8 (Storage and Distribution), alterations to parking arrangements and all associated works.	Close proximity to A205 leading towards M25	4	Yes	No	No	No	Eurocell, Gelec, Campbell Brothers	2 storeys	3 star	2000's	Yes	Good parking availability across the site	medium	3	Adjacent residential to the south and east of the site	none	none	4	11	None	0	LSIS recommendation
10	**Ramac Industrial Estate**	0.93	6,439	14	Existing industrial estate	None	Close proximity to A102 leading towards M25	3	Yes	No	No	No	Screwfix, Toolstation, Plumbase	2 storeys	2 star	1960 and 2000	Yes	Good parking availability across the site	medium	3	Some residential to the south of the site	none	none	4	10	None	0	General protection
11	**The Gateway**	0.09	1,018	3	Existing industrial estate	23/4073/F Description of development: Full planning application for demolition of the existing building and redevelopment of the site to provide a mixed-use development comprising residential units (Use Class C3) and storage facility (Use Class B8) with associated amenity space, cycle and refuse storage. The proposal affects the setting of a listed building (Fossdene Primary School - Grade II).Description for consultation: Full planning application for demolition of the existing building (466 square metres of Use Class B2 Industrial) and redevelopment of the site to provide a mixed-use development comprising 20 (twenty) residential units (1291 square metres of Use Class C3) and storage facility (476 square metres of Use Class B8) with associated amenity space, cycle and refuse storage. The proposal affects the setting of a listed building (Fossdene Primary School - Grade II).	Close proximity to A102 leading towards M25	1	Yes	No	No	No	Riverside Garage	1-2 storeys	2 star	1900	No	Poor parking availability across the site	low	1	Surrounded by residential	poor local accessibility	none	2	4	None	0	General protection
12	**Lansdowne Workshops**	0.26	1,363	1	Existing industrial estate	None	Close proximity to A102 leading towards M25	1	Yes	No	No	No	Stoneleigh Engineering, Terence M Timms	1 storey	2 star	1900	Yes	Decent parking availability across the site	low	1	Some residential to the south and east of the site	poor local accessibility	none	2	4	None	0	General protection
13	**Green Lane Business Park**	0.36	2,033	6	Existing industrial estate	None	Located on A20 leading to M25	3	Yes	No	No	No	Bayar Hughes, Logan Construction	2 storeys	3 star	1994	Yes	Good parking availability across the site	medium	3	Some residential to the north of the site	none	none	4	10	None	0	General protection
14	**Thistlebrook Industrial Estate**	1	5,611	8	Existing industrial estate	None	Close proximity to Eastern way leading to M25	3	Yes	No	No	No	GS Plus Vehicle Services	2 storeys	3 star	1959	Yes	Decent parking availability across the site	medium	2	Surrounded by residential	none	none	4	9	None	0	LSIS recommendation
15	**Lyndean Industrial Estate**	1.1	6,581	13	Existing industrial estate	None	Close proximity to Eastern way leading to M25	2	Yes	No	No	No	Clarkes Vehicle Services, Kiyah Motors, KD Productions	2 storeys	2 star	1970's	Yes	Decent parking availability across the site	low/mediium	2	Some residential to the south and west of the site	none	none	4	8	None	0	LSIS recommendation