

Making High Streets Work West Norwood & Tulse Hill Evidence Base

April 2022



MAYOR OF LONDON



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- Norwood Road, Knights Hill and Norwood High Steet have been relatively **resilient** in the wake of COVID-19 – reinforcing local perceptions of it as a successful place.
- West Norwood and Tulse Hill represent an important **'strategic corridor'** between Brixton and Croydon; there is potential to capitalise on this to build the area's desirability as an employment hub.
- Home to a growing cluster of **creative enterprise** but this market is under-served. There is significant untapped potential to intensify delivery of lower cost, accessible workspace to achieve critical mass.
- Across London, **permitted development rights** and rising rents have been blamed for reducing the supply of lower cost workspace for SME's across all sectors, particularly for creative industries.
- Trends contributing to **diminishing supply** conflict with growing demand for flexible workspace – local centres such as West Norwood and Tulse Hill will have a key role in addressing this challenge.
- The West Norwood and Tulse Hill area has many of the **'key ingredients'** needed to create an affordable and attractive place for creative & SME businesses. It benefits from a dynamic partnership between the council, local businesses and the community. This is a key strength which can enable stakeholders to intervene and ensure it remains accessible in the long-term.
- Growing **policy and funding support** for the delivery of lower cost workspace at national, city and borough levels in addition to successful examples across the capital offer clear case to act.

10 KEY STATISTICS: THE CASE TO ACT

1. Of 6,100 workspaces across London, 24% reported they were at risk of closure within the 5-year period between 2018-2023 (GLA, 2018).
2. Prior to COVID-19 the flexible office market in London was already in high demand, with the sector accounting for 21% of take-up in 2020, second only to finance and banking (28%) (Knight Frank, 2021).
3. Residential values in creative clusters outperformed the London average by 4.4% p.a. over the past 10 years (Creative Land Trust, 2021).
4. Affordability for sub-sectors within creative industries varies significantly, with artists workspace across London often as low as £8psf (LB Brent, 2020).
5. West Norwood & Tulse Hill is a key SME economy, accounting for 11% of Lambeth businesses (ONS UK Business Count, 2020).
6. The area has seen strong employment (+33%) and business (+10%) growth in creative, digital and cultural enterprise in the past 5 years, with nearly 1.5x the concentration of businesses in these sectors as London (ONS UK Business Count, 2020).
7. It is a resilient location – with strong retail spend throughout COVID-19 and footfall returning to 80-90% of normal levels by July 2021 (GLA Datastore, 2021).
8. Business office space rents in LB Lambeth increased by 71% between 2009-2019, whilst light industrial rents rose by more than 80% over this period (LB Lambeth Workspace Topic Paper, 2020).
9. This has coincided with the number of SMEs in the borough reducing by 27% between 2016-2018 (IDBR, 2018).
10. Anecdotally, local demand for workspace is strong in West Norwood & Tulse Hill, with long waiting lists for workspace and a limited supply of alternative space.

Summary and Key Messages



Part one: LOCAL CONTEXT



The following map illustrates the reference geography:

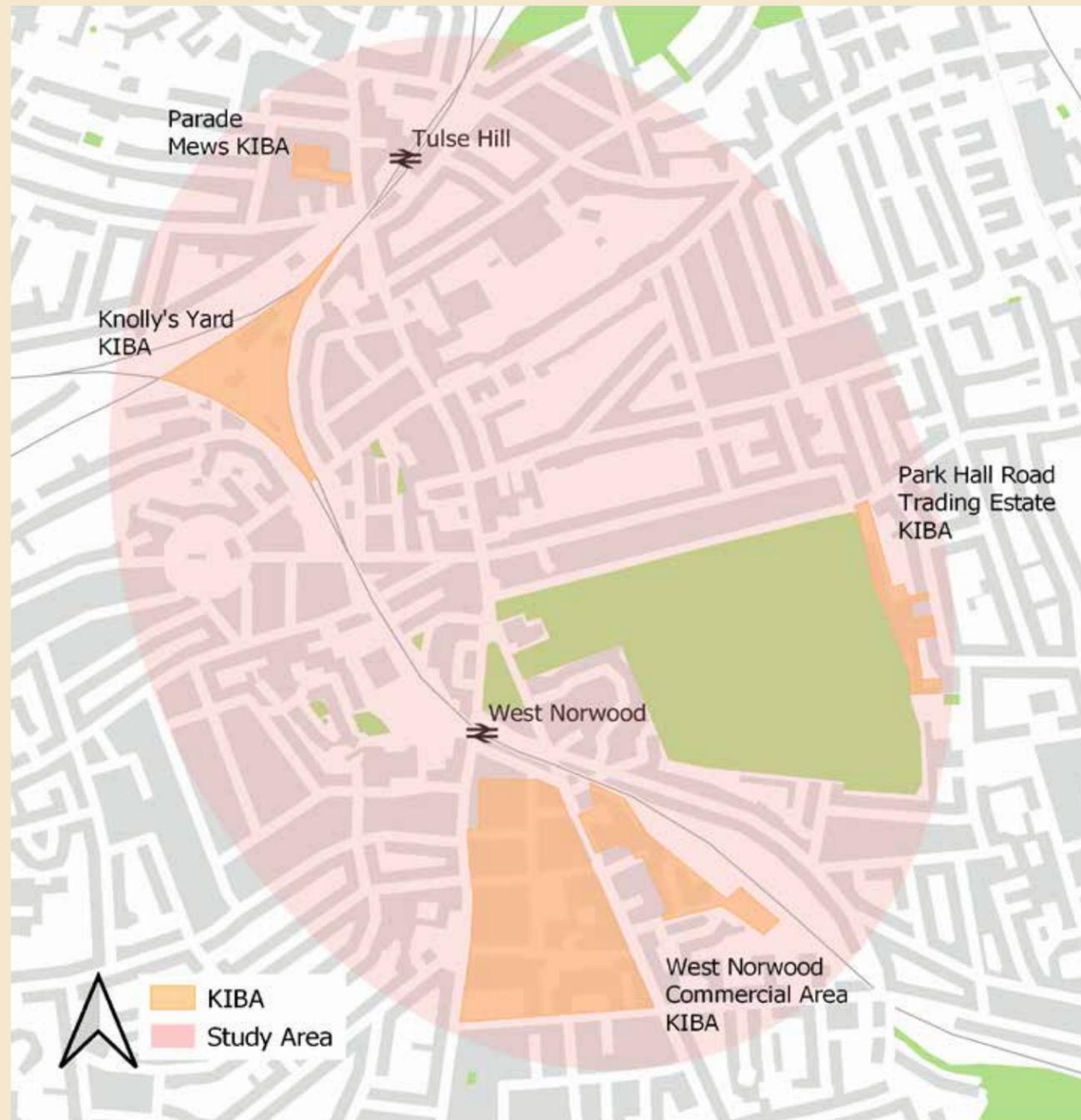


Figure 1: Area of scope

Anecdotally, West Norwood and Tulse Hill (Figure 1) is considered one of South London's most vibrant localities, benefitting from cultural and demographic diversity, exceptional connectivity between residents and businesses and a uniquely strong and active community. It presents a busy and active high street serving surrounding residential areas through a combination of local services and amenity: demonstrating many of the strengths associated with the '15-minute city' development model¹. Aspiration to build on this is clear, with a vision to see the area become and be known as one of the strongest communities in London, which is locally distinctive, diverse and resilient.

Despite its strengths and ambition, fundamental to realising this vision must be a renewed focus on the sustainability of the town centre and economy, benefitting local people and businesses. Burgeoning creative and digital industries (CDIs) present a key opportunity to do just that, intensifying delivery of suitable workspace which is both affordable and accessible, whilst responding to the critical challenges facing high streets in the wake of COVID-19.

Data within in the following evidence base is predominantly reliant on secondary sources and anecdotal commentary provided by local businesses and stakeholders. Further data collection and intelligence will be undertaken within the next stage of the Making High Streets Work project.

Area Overview

¹ <https://www.bloomberg.com/news/features/2020-11-12/paris-s-15-minute-city-could-be-coming-to-an-urban-area-near-you>

Policy at the London and national level is increasingly supportive of affordable workspace, and is a key lever to enable increased provision at a local level.

London Plan: Policy E3 (Affordable Workspace) encourages boroughs to develop affordable workspace policies to protect creative workspace, specifically where there is an identified shortage of affordable space. In addition, Policy E2 (Providing suitable business space) encourages the protection and provision of Use Class E space, with an emphasis on meeting the needs of small businesses in creative industries. The new London Plan also encourages boroughs to introduce Article 4 Directions, backed by local evidence, to remove permitted development of office and light industrial to residential change of use².

NPPF: Paragraph 83 states planning policies “should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries”³.

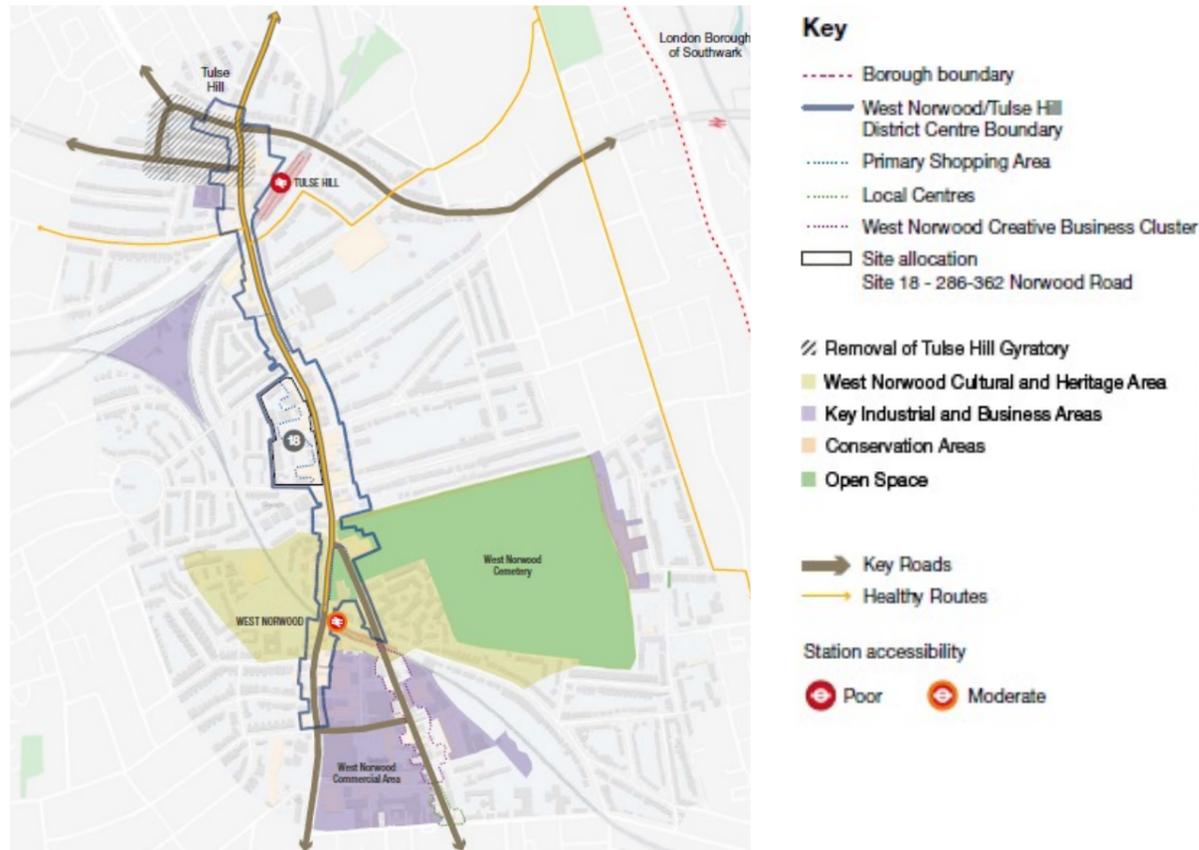


Figure 2: Lambeth Local Plan: Policy PN7 (West Norwood / Tulse Hill) – Policy Map

² The London Plan (2021)
³ National Planning Policy Framework (2021)

Planning Use Classes: Recent revisions to planning use classes included the creation of Class E, which is a new categorisation of commercial business and services, bringing together former separate use classes for shops, restaurants, office, light industrial workspace and some community uses within one single use class.

This has been introduced to enable buildings in town centres to adapt to changing circumstances and provide a wider range of services and facilities without needing to apply for planning permission. Due to its ability to enable businesses to be more flexible and have a varied offer, the introduction of Class E can be beneficial for some circumstances in town centre locations. However, it also has the potential to be harmful within town centres, primarily in primary shopping areas where the critical mass of shop uses can be lost. It can also have an impact outside town centres, such as in designated industrial areas (including our KIBAs) because light industrial uses can be changed into a shop, office or restaurant without planning permission, undermining the integrity of these industrial areas and reducing the stock of land protected for industrial use.

Lambeth Local Plan, 2020-2035: Policy PN7 (West Norwood/Tulse Hill) seeks to support and strengthen creative businesses in the area. It aims to enable CDIs to complement existing business areas, promoting a more vibrant and diverse district centre through development and renewal of key sites (Figure 2). Subsequently PN7 identifies five focal points to direct development and investment, which collectively aim to provide increased quality and flexibility of premises contributing to greater variety of employment uses:

- West Norwood Central Area: promotes mixed use development, new commercial floorspace should include workspace providing opportunities for creative and digital industries.
- West Norwood Commercial Area: supporting evolution into a hub of creative enterprise, innovation and industry. Increasing the amount, range, quality and flexibility of premises for variety of industrial uses in alignment with London Plan. Council working with existing landowners to increase industrial floorspace capacity and diversify employment offer.
- West Norwood Cultural and Heritage Area: protecting and strengthening the role of existing cultural, community and heritage assets and supporting new cultural and community uses.
- Tulse Hill: improving its role as a gateway to West Norwood, enhancing appearance of the town centre, refurbishing the railway station, intensifying uses around the station supporting residential-led growth with mixed use retail and F&B uses.

Policy

Whilst outside of the town centre boundary, a section of Norwood High Street (south of the railway line) has received a creative business cluster designation. The council anticipates that work on a first draft of the Norwood High Street SPD will start during the financial year 2022/23. This will further support development and renewal of spaces for CDI enterprise and encourage a range of businesses to locate within the cluster (artists, makers, designers).

Designated Key Industrial Business Areas (KIBAs): Policy ED3 within the LB Lambeth Local Plan relates to KIBAs - defined as areas permitted only for business, industrial, storage and waste management uses – encouraging intensification where appropriate. There are four KIBAs within the West Norwood and Tulse Hill study area:

- [West Norwood Commercial Area](#): Also known as ‘Norwood Works’, this is the largest concentration of employment land in the borough, home to a broad range of uses including manufacturing, food manufacturing, construction, motor trade activities, wholesale and waste management.
- [Parade Mews](#): small cluster of studios in Tulse Hill providing valued space for artists and makers, including glass blowing and pottery.
- [Knolly’s Yard](#): in use by businesses supporting the construction sector and has been identified in the Local Plan as having potential for industrial intensification and co-location with residential, setting it apart from the three other KIBAs listed here.
- [Park Hall Road Trading Estate](#): accommodating over 100 businesses, this KIBA is becoming an established centre for creative industries.

Regulation 18 Consultation has recently closed on the council’s Draft Site Allocations Development Plan Document (SADPD) which includes a proposed revised site allocation policy for Site 18 (286-362 Norwood Road) and a proposed new policy for Site 19 (Knolly’s Yard).

Locally, funding to unlock provision of workspace is most likely to be accessed through levy funds from local businesses via the Station-to-Station BID and other suitable sources of public funding.

Table 1 outlines examples of active and historic initiatives to provide support or funding to SMEs and creative enterprises. It is currently unclear how this landscape will evolve (i.e. specific support packages and future funding rounds). However, it demonstrates that positive momentum and support is building.

Table 1 (right): Examples of historic and active funding, policy and other support schemes established by the Mayor of London and others

Programme	Owner	Overview	Status
High Streets for All Challenge	GLA / LEAP	Invites local partnerships to bring forward and co-design innovative high street recovery strategies and proposals, addressing common and local challenges. Provides advice and up to £4m of strategic funding. Station to Station BID were awarded £20,000 in Phase 2 for this project, and successfully bid for a further £130,000 in Phase 3.	Active
Neighbourhood Community Infrastructure Levy (NCIL)	LB Lambeth	Community Infrastructure Levy (CIL) denotes a proportion of CIL collected by a charging authority may be spent to address “the demands that development places” on a local area. This is called Neighbourhood CIL, and may be spent on non-infrastructure items. Regulations established the “meaningful proportion” for the Neighbourhood element, as being 15% for areas without a Neighbourhood Plan and 25% for areas with a Neighbourhood Plan.	Active
Creative Land Trust	Creative Land Trust	Established to secure long term, affordable space for artists and creatives, ensuring a vibrant and prosperous future for the industries. CLT operates as a social enterprise that will own buildings where workspace is housed – aiming to build a portfolio of over 1,000 studios across London.	Active
Creative Enterprise Zones	GLA	Designates areas of London where artists and creative businesses can find permanent, affordable space to work. Businesses are supported to start-up and grow, and local people are enabled to develop skills and access employment. Five zones are to be accredited across 2021-2022.	Active
Future Workspace Fund	LB Lambeth	£7.2m in capital funding for workspace providers developing new or enhancing existing affordable and supportive workspaces. Types of spaces funded will target those in creative and digital industries, cultural workspaces, affordable workspaces for charities/social enterprises, and enterprise space projects within residential areas. Second round applications open in March 2022.	Active
Arts Council	Arts Council	Broad range of funding opportunities to support arts and culture. Including emergency resource support, National Lottery Project grants amongst various others, with new funds released on an ongoing basis.	Active
Good Growth Fund	GLA / LEAP	£70m in regeneration funding to support growth and community development in London, including for SME’s and creative workspaces.	Closed
Levelling Up Fund	UK Government	Funding for town centres as spaces which are crucial to communities and local economies, providing both a focal point for retail and hospitality trade as well as a centre of gravity for local communities.	Active
Shared Prosperity Fund	UK Government	Upcoming £2.6 billion fund is part of the Government’s levelling up agenda. Local investment will support skills training, pay, employment and productivity to create growth and improve livelihoods and opportunity across the UK.	Closed

Public and Grant Funding

The study area represents a significant local economy, predominantly made up of smaller enterprises. Despite relatively modest growth overall in recent years, it is home to an evolving creative, digital and cultural economy. With a high concentration of creative SMEs, West Norwood and Tulse Hill has the potential to benefit from increased supply of suitable workspace to maximise its potential.

The study area consists of various distinct economic centres and employment areas. In terms of town centres, this includes West Norwood and Tulse Hill (designated Local Plan district centre), predominantly serving a local residential catchment, consisting of local services, independent retail and leisure. In addition, there are also four Key Industrial Business Areas (KIBAs) in the study area⁴ - including Parade Mews, Knolly's Yard, Park Hall Road Trading Estate and West Norwood Commercial Area - the latter being the largest protected industrial area in the borough (c. 70 buildings and 538,000 sq ft of space).

It is home to approximately 4,500 jobs and 1,775 businesses, accounting for 3% and 11% of Lambeth's employment and business base respectively. The study area has seen a 10% decline in jobs (-500) and a relatively modest 2% uplift in businesses (+35) in the past 5 years. Whilst this is in contrast to London, it exceeds Lambeth in terms of enterprise growth (Figure 3).

Businesses in the study area are characterised by a relatively large presence of sole traders and micro businesses, accounting for 92% of all businesses, compared to 90% in the borough and 86% across London. Historically, start-up rates (10% per 1,000 residents) have been lower than the borough average⁵ (16.3% per 1,000 residents), however more recent data shows high levels of resident self-employment (11.3%), which is higher than Lambeth (10%), albeit slightly below the London average (11.7%), showing the area is entrepreneurial in nature⁶. Notably, Table 2 shows there has been strong employment (+33%) and business (+10%) growth in creative, digital and cultural enterprise, with a business base nearly 1.5x as concentrated as London. Figure 4 illustrates the spatial distribution of creative clusters in the area, with greater concentration around West Norwood and Tulse Hill stations.

Sector	Jobs		Businesses	
	5 Year Growth	Concentration	5 Year Growth	Concentration
Creative, Digital & Cultural	(33%) ↑	0.70	(10%) ↑	1.47
Knowledge Economy	-(0%)	0.40	(4%) ↑	1.12
High Tech	(17%) ↓	0.64	(4%) ↓	0.95
Total	(10%) ↓	N/A	(2%) ↑	N/A

Table 2: Summary of economic growth and concentration in specialist sectors⁷. Job growth captures 2015-2019, business growth captures 2016-2020. Concentration refers to specialisation vs London (LDN = 1.0) Source: ONS BRES (2019); ONS UK Business Count (2020)

⁴ Locally Significant Industrial Sites (LSIS) as designated in the London Plan, representing strategic land for industrial and business use.
⁵ West Norwood & Tulse Hill: A Manual for Delivery (2017)
⁶ ONS Annual Population Survey (Jan 2020 - Dec 2020)
⁷ Creative, Digital & Cultural captures advanced manufacturing/making activity, cultural, creative and digital industries; Knowledge Economy includes high skilled professional services; High Tech includes advanced ICT related industries.

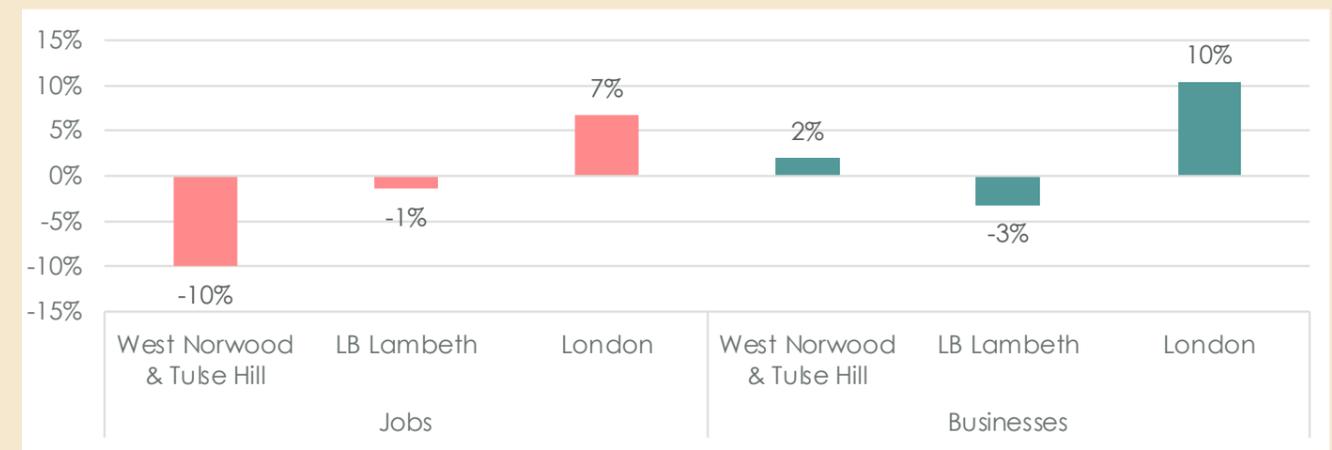


Figure 3: Economic change vs. Lambeth and London (jobs and businesses). LB Lambeth jobs data captures 4-year change from 2017 due to statistical anomaly in 2016 Source: ONS BRES (2015-2019); ONS UK Business Count (2016-2020)

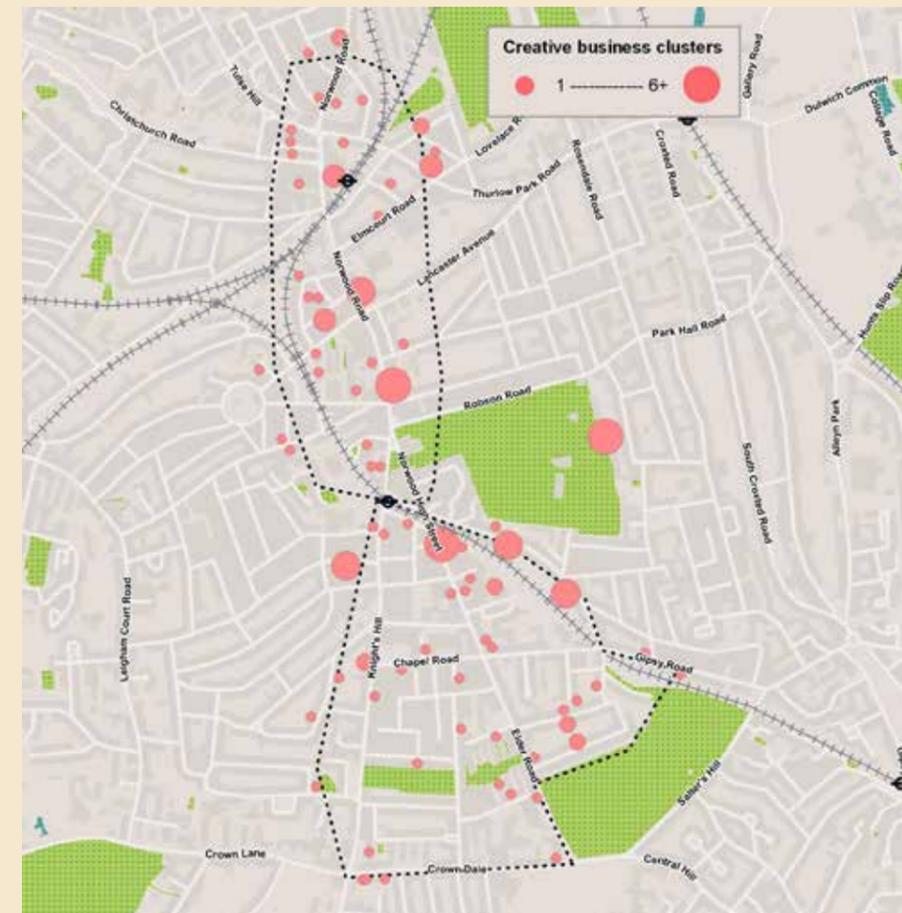


Figure 4: Creative business clusters in West Norwood & Tulse Hill Contains OS data © Crown copyright [and database right] 2021

Economic Profile

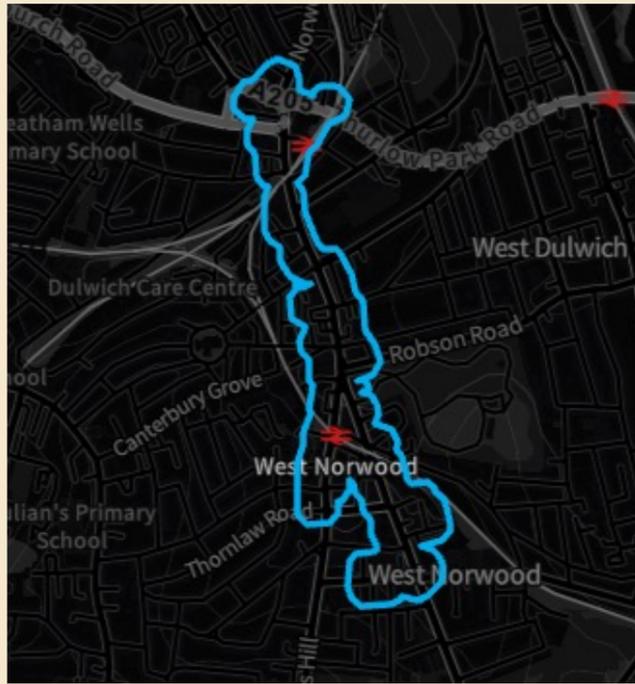


Figure 5: Data Collection Boundary
 Source: High Streets Data Partnership, 2021
 Note: presents information relating to Norwood Road and Norwood High Street, as well as footfall data using a single MSOA capturing the majority of West Norwood and Tulse Hill district centre

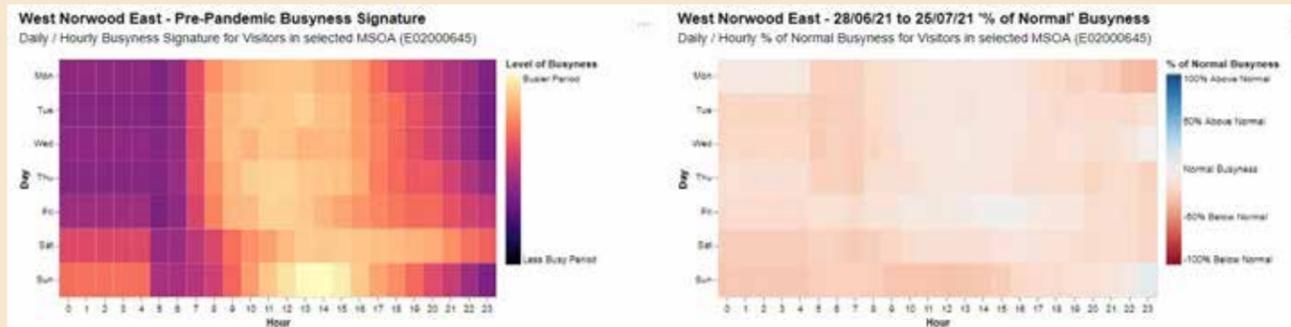


Figure 6: Visitor footfall in West Norwood and Tulse Hill - Pre-pandemic vs July 2021.
 Geography covered captures 'West Norwood East' MSOA (Lambeth 028)
 Source: Anonymised and Aggregated by O2, GLA Datastore

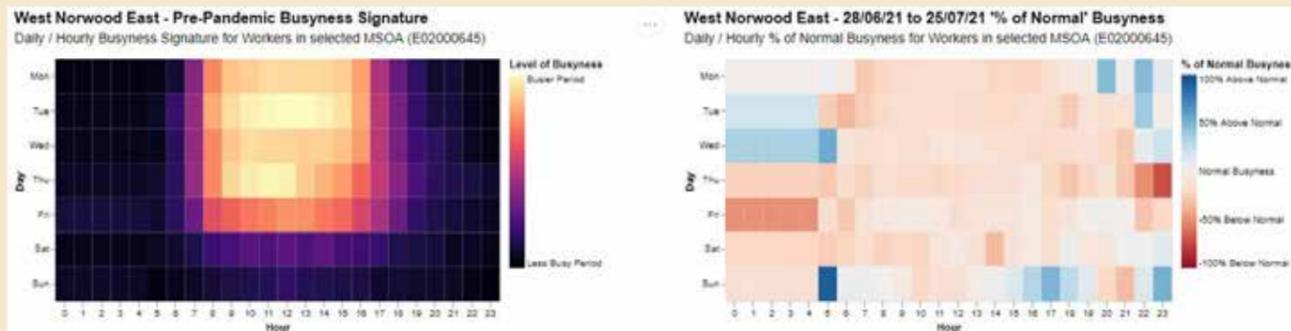


Figure 7: Worker footfall in West Norwood and Tulse Hill - Pre-pandemic vs July 2021
 Source: Anonymised and Aggregated by O2, GLA Datastore

*Geography covered captures 'West Norwood East' MSOA (Lambeth 028)

Recent data on spend and footfall has demonstrated that the area's high streets - Norwood Road, Knights Hill and Norwood High Street - have been relatively resilient in the wake of disruption caused by COVID-19, reinforcing local perceptions of it as a successful place.

Looking at Norwood Road, Knights Hill and Norwood High Street - in terms of retail spend (Figure 8), the areas have largely remained above normal levels, dropping below this momentarily after various lockdowns but bouncing back relatively quickly. This has typically been the case in smaller district town centres and shows the area has been successful in providing essential services to its communities.

In addition, footfall data from July 2021 (Figure 6) shows that in West Norwood and Tulse Hill town centre area (Figure 5), visitor numbers are around 80-90% of normal (defined as 'pre-pandemic') levels, with Sunday afternoon being the slowest to recover at around 69%. Similarly, when looking at worker counts in the same area (Figure 7), around 80% of those normally present between normal working hours have returned (8am-4pm, Mon-Fri).

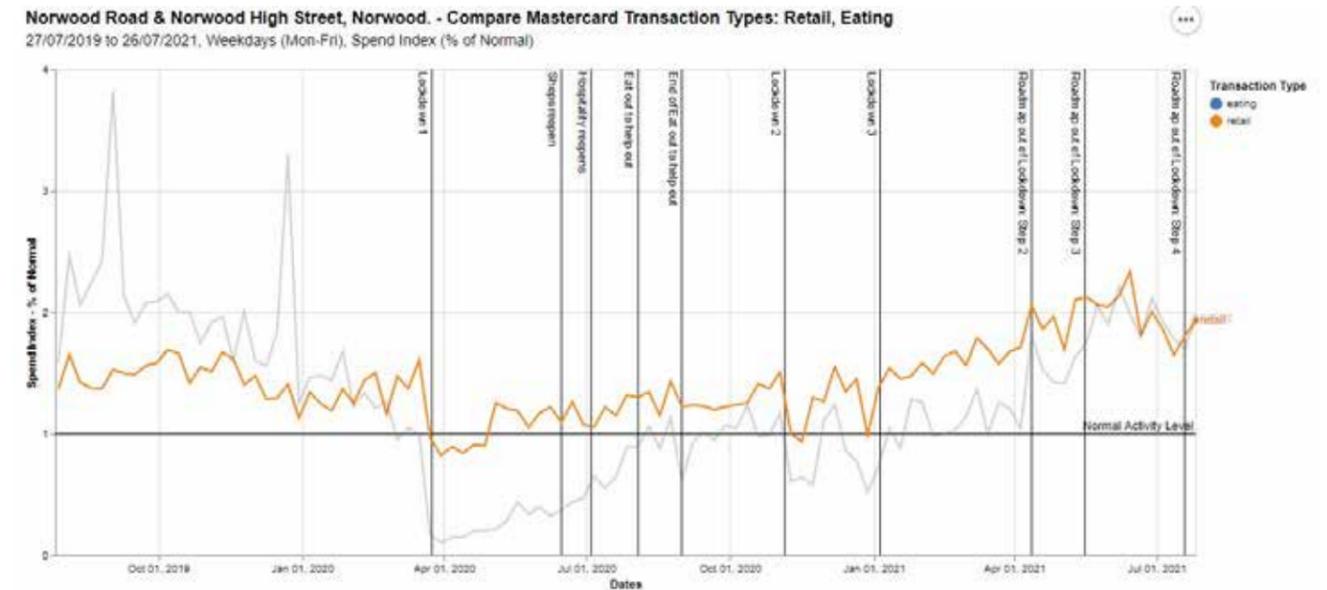


Figure 8: Retail and eating spend on Norwood Road and Norwood High Street, July 2019 - 2021
 Source: Mastercard Retail Location Insights, GLA Datastore

High Street Performance

The London Plan 2021

The New London Plan (Policy E3) defines affordable workspace as “workspace provided at rents maintained below the market rate for that space for a specific social, cultural, or economic development purpose”.

Evidence tested through the examination of the Lambeth Local Plan 2021 found that commercial development values in West Norwood are not sufficient to justify a requirement on developers of new office space to provide an element of affordable workspace. Table 3 provides a London-wide benchmark of affordability, rather than being directly applicable to the study area.

There is no single standard definition for affordable workspace. It is often significantly impacted by the nature and industry of the end users. The below sets out indicative benchmarks of affordability for different typologies:

Typology	Inner London	Outer London
Incubators, accelerators, co-working	£200-£450 pp/pm	£100-£350pp/pm
Non-profit	£200-£300pp/pm	£100-£250pp/pm
Commercial	£300-£400pp/pm	£150-£350pp/pm
Specialist	£350-£450pp/pm	£200-£300pp/pm
Creative workspace	£8-£45 sqft/y	£12-£40 sqft/y
Artist studios	£8-£16 sqft/y	£12-£24 sqft/y
Makerspace	£15-£20 sqft/y	£15-£20 sqft/y
Creative industry workspaces	£30-£45 sqft/y	£30-£40 sqft/y
Kitchen	£35-£90 ph / £2,500-£3,500 pm	£900-£2,000 pm
Community	£35 - £56 ph	-
Commercial	£60 - £90 ph or £2,500-£3,500pm	£900-£2,000 pm
Lab Space	-	-
HE space	£68-£97 sqft/y	-
Specialist lab space	-	£40 sqft/y
Flexible/co-working lab	£29 sqft/y	-

Table 3: What is affordable?

Source: LB Brent affordable workspace study (2020)

Note: Data draws on information for 70 affordable workspaces throughout London across different typologies. Values for creative workspaces depend on the nature of providers, with those more established in the market and rooted in communities able to offer space at lower cost compared to recently opened spaces.

Growing requirement for creative workspace in the context of shrinking supply

Creative industries are a central pillar of London’s economy, generating more than £52bn each year and accounting for one in six new jobs⁸. Prior to COVID-19, London had been facing a shortage of flexible workspace (particularly artists workspace) due to long-standing pressures from increasing land values and loss of supply due to permitted development. Despite the importance of the creative economy and small and micro businesses to London’s economy (accounting for 99% of all businesses and 41% of all employment⁹), 30% of small open workspace providers have dropped off the London Growth Hub since 2017¹⁰.

This is also a key challenge locally, with Lambeth experiencing a net loss of over 2 million sq ft of office and industrial floorspace between 2009-2019¹¹. In West Norwood and Tulse Hill, local stakeholders have identified a need to improve its workspace offer. Engagement undertaken in 2017 by A Small Studio¹² highlighted challenges around underutilisation and a desire to see more space for small businesses, particularly start-ups and makers.

A shift in working patterns towards flexibility and working locally

The pandemic has accelerated trends towards flexible working arrangements, with demand for working at or close to home for at least part of the week likely to persist. Engaging with over 3,000 office workers, research by JLL showed around half of respondents would prefer to work from home two or more days a week after offices re-open¹³. A more recent survey of UK workers also showed that 70% of respondents were positive about working from home two to three days a week, and that two days a week at home is the most commonly expected working pattern post-COVID. Pre-COVID, just 18% of surveyed people in London worked from home more than one day a week, a figure which has increased to 85% post-COVID¹⁴.

The consensus from all surveys is that most people will spend 2-3 days working away from the office, presenting an important case to act for Lambeth and an opportunity to capitalise on the strong creative community already operating from the area.

Broader Trends

8 <https://creativelandtrust.org/>
 9 WLA Affordable Workspace Study (2021)
 10 LEAP: The affordability crisis (2018)
 11 LB Lambeth Draft Revised Local Plan – Topic Paper 3 - Workspace
 12 The Power of Norwood High Street, A Small Studio (2017)
 13 <https://www.jll.co.uk/en/trends-and-insights/workplace/what-companies-are-doing-about-work-from-home-fatigue>
 14 Data are from two surveys of 4,809 UK residents by Prolific (Jan-Feb 2021) for of the University of Nottingham and Stanford University.

Part one: SUPPLY & DEMAND



<p>International House, LB Lambeth Meanwhile use of a Council owned asset as London's largest Affordable Workspace, with significant community and social returns.</p>	
<p>Building Bloqs, LB Barking & Dagenham 17,000 sq ft of shared makerspace in Enfield. Members use work benches by the hour, accessing larger scale machinery (3D printing, laser cutting), utilising economies of scale to offer access that would otherwise be too expensive.</p>	
<p>DEK Catford, LB Lewisham An educational arts charity providing affordable creative workspace for over 400 artists, makers and creative across 12 sites in London.</p>	

Table 4: London precedent approaches to workspace provision
 (Source: LEAP, 2021)

Rising rents have led to a reduced supply of SME workspace across the capital despite accelerating demand. Without a targeted response to address this shortfall, the future growth and sustainability of these businesses will be compromised.

Supply

Recent studies and data looking at creative and SME workspace across London suggests that supply is falling short of demand. COVID-19 has accelerated this mismatch, presenting a clear argument for looking at innovative ways to increase delivery across typologies suited to a variety of occupiers.

Since the 2008 economic crisis, the supply of SME workspace has 'exploded' across London, with an average of 900,000sqft of new flexible space (co-working, incubator and maker space) delivered per year between 2012-2017¹⁵. However, rising rents, increased business rates and permitted development have rapidly reduced the supply and affordability of flexible and open workspaces across the capital.

Research by the GLA¹⁶ on artist workspace in London noted there were 129 organisations operating across 239 sites in 2018. This provided 6,110 workspaces for around 11,000 tenants (56% specialist artist space, 44% mixed provision). However, nearly a quarter (24%) of these sites were at risk of closure within the following 5 years.

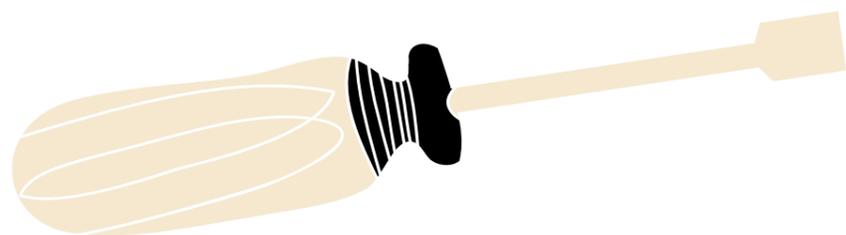
Examples of innovative responses to improve the delivery of affordable and flexible workspace delivery are outlined in Table 4.

London

¹⁵ Future of London: Workspace that works (2020)
¹⁶ GLA 2018 Artists' Workspace Annual Data Note

Traditional Office occupiers	Increasingly seeking a 'hub and spoke' model, suited to 'end of line' locations and outer London high streets ²² .
Workspace for start-ups	Needs broadly different across industries, typically seen as required for new businesses as they provide affordable rents, increasing as businesses grow.
Meanwhile workspace	Operating on terms anywhere between six months to five years, attractive to creative SMEs seeking discounted space during the start-up phase.
Makerspaces	Appealing to small industrial producers and makers looking for specialised facilities and 'dirty' spaces.
Sector specific workspace	Caters to industries such as bio-science and digital manufacturing which require specialised fit out and equipment.

Table 5: Potential spatial requirements of different occupiers
Source: Future of London: Workspace that works (2020)



Demand

Overall demand for flexible workspace, particularly those suitable for SMEs and creative businesses is strong, and is likely to accelerate as organisations return to the office.

The flexible office market in London has been in high demand in the recent past, with the sector accounting for 21% of take-up in 2020, second only to finance and banking (28%)¹⁷. In the backdrop of strong projections for economic growth across London, there will be an increased emphasis on harnessing the potential of new sectors in creative industries, the majority of which will be made up of smaller businesses driving demand in the flexible and open workspace market.

GLA research in 2017 found that workspace requirements in this sub-sector across London demonstrated very high levels of demand, with continuous occupancy rates of over 95%. At the time of the research, there were 13,780 places on waiting lists held by just 27 workspace providers¹⁸. However, it is not only small businesses showing an interest – as a result of COVID-19, many larger businesses in sectors beyond those expected to explore the potential to use flexible workspaces are increasingly having to re-think their approach to their property portfolios. Some organisations are beginning to announce 'work from anywhere' policies, suggesting big businesses may be moving towards favouring a more distributed workforce¹⁹. JLL also report that flexible workspaces will be at the forefront corporate real estate strategies, likely to be "stronger than ever" and "the main source of demand for local centres"²⁰.

The nature and scale of demand differs dependent on the types of businesses looking to take up space, and there is no one size fits all approach to meeting demand – examples of different types of requirements are set out in table 5²¹.

London

¹⁷ <https://www.knightfrank.com/research/article/2021-02-12-where-next-for-the-flexible-office-market>
¹⁸ GLA Artists Workspace Annual Data Note (2018)
¹⁹ <https://qz.com/work/1972103/spotify-sales-force-adopt-wfa-work-from-anywhere-policies/>
²⁰ LB Lambeth Commercial Office Baseline Report, JLL (2020)
²¹ Future of London: Workspace that works (2020)
²² LEAP: Flexible Workspace on our High Streets (2021)

Regional trends around declining supply are reflected at a borough level. Pressures have been significant and have contributed to a declining SME business base. Demand remains high however, and it is clear that the borough remains a desirable destination for creative industries.

Supply

Borough wide provision of workspace supporting SMEs and the CDI sector can be broadly categorised into three different 'activity clusters' (Table 6), ranging in nature and scale from small co-working spaces to large corporate offices, small artist studios to large production spaces.

Generally, supply has been declining over the past decade, largely due to changes to permitted development rights, increasing rents and business rates²³. Data from CoStar shows average office rents increased by 71% between 2009-2019 (£23.17psf to £39.56psf), whilst vacancy rates for such spaces across the borough dropped from 6% to 3% over the same period. Similarly, light industrial space saw rents rise from £11.89psf to £21.41psf over the past decade, in part due to the net loss of around 44,000 sq ft in 2018/19 alone²⁴.

In addition, a 57% rise in rateable values for the industrial sector between 2010-2017 represents the second highest rise across the capital, and a 28.5% rise in the office sector is above national and London averages²⁵. These pressures and a reduction of stock have coincided with a shrinking presence of SMEs in the borough, which have dropped by 27% between 2016 and 2018 (Figure 9).

Cluster	Areas
North Lambeth	South Bank, Waterloo and Vauxhall
Central Lambeth	Clapham, Brixton and Loughborough Junction
South Lambeth	Herne Hill, Tulse Hill, West Norwood and Streatham

Table 6: LB Lambeth 'Lambeth Now' Activity Clusters

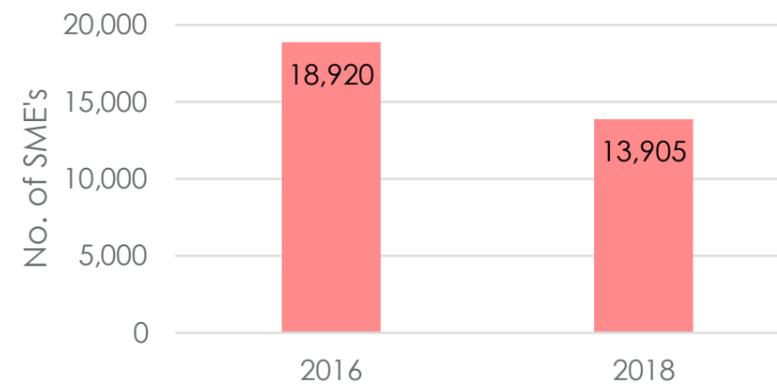


Figure 9: Decline in Lambeth SME business base. Source: Inter Departmental Business Register (2016-2018)

London Borough of Lambeth

²³ LB Lambeth Draft Revised Local Plan – Topic Paper 3 – Workspace
²⁴ Ibid
²⁵ Ibid

Demand

Overall, demand appears to outstrip supply at the borough level, primarily driven by aforementioned trends around rising rents, rates and loss of floorspace.

A survey of over 180 businesses in 2017 found that access to low-cost space was considered the most significant need for small enterprises in the borough²⁶. With the more recent impact of COVID-19, JLL research adds to this, suggesting that economic pressures are likely to see affordability become even more of a priority for small businesses²⁷. This is further supported by published waiting lists at numerous workspaces across Lambeth (Table 8).

Anecdotal evidence from a sample of 48 organisations and individuals seeking space in the borough shows that the nature of demand varies considerably by typology. The majority of those seeking space, based on engagement carried out by Station to Station BID in 2021, was for makerspace, self-contained office space and studio and/or event space, accounting for around 90% of reported demand²⁸. This engagement also showed that demand is predominantly for smaller and medium size spaces (120 sq ft to 55,000 sq ft), which accounted for around 80% of respondent requirements at the time.

The nature of the resident population can also provide insight into likely demand in the future. The proportion of working age (16-64) residents across Lambeth (74%) is considerably above the London average (67%). Given recent accelerating trends towards working locally, it is likely that the borough can expect to see sustained demand for flexible and co-working facilities as an alternative to working from home.

Space	Status
LJ Works (Loughborough Junction)	Affordable space for makers and designers, specifically for local start-up and micro businesses. Up to 80% below market rates, as of early 2020 there were 35 organisations/individuals on waiting lists with only 11 spaces available.
Granby Space (Waterloo)	Meanwhile use premises in Waterloo – over 30 enquires in 6 months (up to Jan 2020) and has a waiting list of 5 organisations (note: wait lists are normally low due to need, organisations typically do not elect to join).
Tripod (Lambeth Town Hall)	Affordable spaces at 50-80% of market rates, all 12 spaces were let prior to opening.
International House (Brixton)	Affordable workspace in Brixton, currently hosts over 100 businesses and enquiries are in excess of this figure (exact figures not recorded).
ACME Glassyard (Stockwell)	Waiting list of 594 with only 24 studios on site.
ACME Carlew House (West Norwood)	Waiting list of 410 with only 13 studios on site.

Table 7: Demand for existing workspaces in Lambeth. Information accurate as of Jan 2020
Source: LB Lambeth Draft Revised Local Plan – Topic Paper 3 – Workspace (2020)

London Borough of Lambeth

²⁶ Lambeth Creative and Digital Industries Study (2017)
²⁷ LB Lambeth Commercial Office Baseline Report, JLL (2020)
²⁸ Station to Station BID Engagement Research, Contacts for Seekers of Workspace, 2021

Overall, the study area has seen a decrease in supply of commercial floorspace, particularly in office and industrial uses. Anecdotal evidence reveals that demand remains strong for these types of spaces and that there is a particular lack of space available for smaller and early stage light industrial space users such as makers.

Supply

West Norwood and Tulse Hill is home to a number of flexible workspaces accommodating existing clusters of creative activity, including a mix of maker spaces, studios and office spaces. These are mainly at key employment hubs, including Norwood Road, Norwood High Street and the four KIBAs (West Norwood Commercial Area, Parade Mews, Park Hall Road Trading Estate and Knolly's Yard).

Existing supply consists of both industrial and creative space, with Parade Mews and Park Hall Road Trading Estate providing studio and office space for creatives. Engagement with local stakeholders carried out in 2017 suggested there is a need to increase provision of space for artists and small businesses²⁹. Anecdotal evidence gathered through recent engagement with local stakeholders suggest this remains a key requirement.

Overall stock around Norwood Road is limited (c. 66,000 sq ft), with little change over the past decade. In total, there is approximately 600,000 sq ft of commercial and light industrial space in the four KIBAs within our study area and a further 475,000 sq ft of office space³⁰. There is currently only one office building over 10,000 sq ft (3 Weaver Walk) and a further five premises above 5,000 sq ft, and supply is predominantly grade B and C³¹.

West Norwood and Tulse Hill has seen an overall loss of around 65,000 sq ft of floorspace over the past 20 years. Figure 10 shows the majority of this loss has been office (-40%), whilst there has also been a 10% decrease in supply of industrial space.

West Norwood Commercial Area and other KIBAs

Situated to the south of the town centre, West Norwood Commercial Area represents a key strategic reservoir of land for employment uses. Encompassing approximately 10ha, it supplies over 500,000 sq ft of commercial floorspace across 70 premises. The majority of space (79%) is light industrial and office space (former B Use Class), supporting industrial/manufacturing, warehousing, storage, trade retail, motor trade – as well as increasingly creative making (ACME Studios, Portico Gallery).

In general, the Commercial Area is challenged by many of the issues affecting supply of workspace across the capital. This is exemplified by the purchase of Carlew House by Twenty 20, who subsequently terminated the lease with ACME, resulting in artists having to vacate by the end of 2021. The age and quality of stock varies considerably and it suffers from a poor perception with a low-quality physical environment, deterring many businesses and employers to locate here. It is identified as having potential for additional intensification of industrial uses in certain areas³².

30 A collaboration between PRD and a small studio

Wider Study Area and KIBAs

The KIBAs in our study area presents an opportunity for intensification in industrial capacity. Businesses have reported a critical lack of suitable space available for smaller or early stage industrial businesses, with many larger spaces unsuitable or too expensive to be adapted to small business needs³³. Knolly's Yard in particular is identified as a location well placed to provide appropriate space for SMEs in modern industrial and creative industries with great potential to deliver industrial intensification and co-location with residential uses. Parade Mews already offers space for a small cluster of artist and maker studios, ranging from craft activities in shared studios to rent, to higher profile creative makers. It is identified as having strong potential to continue to meet the needs of local SMEs, however there is limited scope for intensification³⁴.

Situated to the east of West Norwood Cemetery, Parkhall Business Centre provides a variety of serviced offices and co-working space. Operated by the Workspace Group, units range from 334 - 2,500 sq ft, accommodating over 100 businesses, including several small creative enterprises. Significant volume of businesses and high occupancy rates limit its potential for further intensification³⁵.

Bainbridge Studios, before closing, offered open access print facilities seven days a week and included artists' studios as well as desk spaces for professional artists and designers.



Figure 10: Commercial floorspace change in West Norwood & Tulse Hill, 2001-2020 (m²)

Source: Non-domestic rating, business floorspace, 2001-2020 (Gov.uk)

Note: 'Other' captures sectors which cannot be assigned within Retail, Office or Industry (i.e. Education, hotels, utilities)

Study Area

29 West Norwood & Tulse Hill: A Manual for Delivery (2017)
 30 LB Lambeth Draft Local Plan, 2020, Review of Key Industrial Business Areas
 31 LB Lambeth Commercial Office Baseline Report, JLL (2020)
 32 LB Lambeth Draft Local Plan, 2020, Review of Key Industrial Business Areas
 33 Making High Streets Work Engagement Report (2022)
 34 LB Lambeth Draft Local Plan, 2020, Review of Key Industrial Business Areas
 35 LB Lambeth Draft Local Plan, 2020, Review of Key Industrial Business Areas

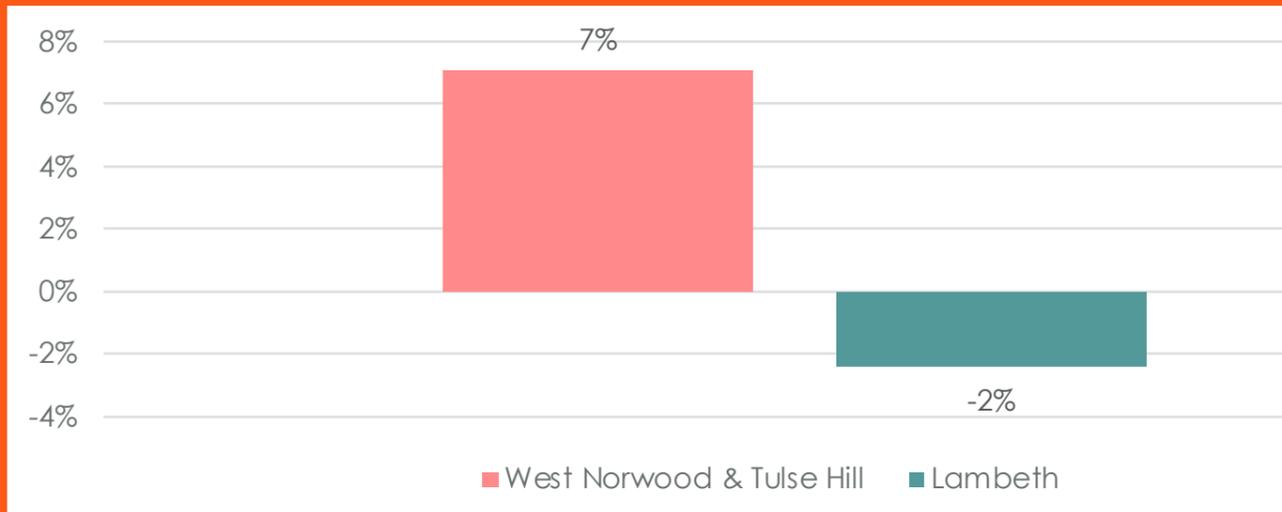


Figure 11: Growth in Creative Businesses (2016-2021)

Source: ONS BRES (2016-2021)

Note: Creative industry definition includes sectors as defined by the Department for Digital, Culture, Media & Sport (DCMS).



Demand

Local demand for SME and creative workspaces is strong, with stakeholders recognising its value and the potential to deliver a broad range of solutions.

Feedback gathered in 2017 from residents and the business community suggests there is considerable positive sentiment towards existing SME and creative workspace, with spaces such as the Portico Gallery seen as community assets which need protecting. However, respondents did highlight challenges of underutilisation and a need for increased supply³⁶. Demand is clearly strong, exemplified by the 410 people/organisations who were on waiting lists for ACME's Carlew House (home to just 13 studios on site³⁷). Engagement also revealed that there is an appetite to improve provision of affordable start-up space for residents both in the commercial area and in the town centre. Specific suggestions included:

- Delivery of live-work units on Norwood High Street
- Encouraging creatives to locate in empty units through rent free or subsidised rental accommodation
- Creating meanwhile uses
- Renovation of railway arches to create new workspace

Further engagement with local businesses in September 2021 and anecdotal feedback from Station-to-Station BID revealed that these requirements have largely remained unchanged, further exemplified by waiting lists at Parkhall Business Centre.

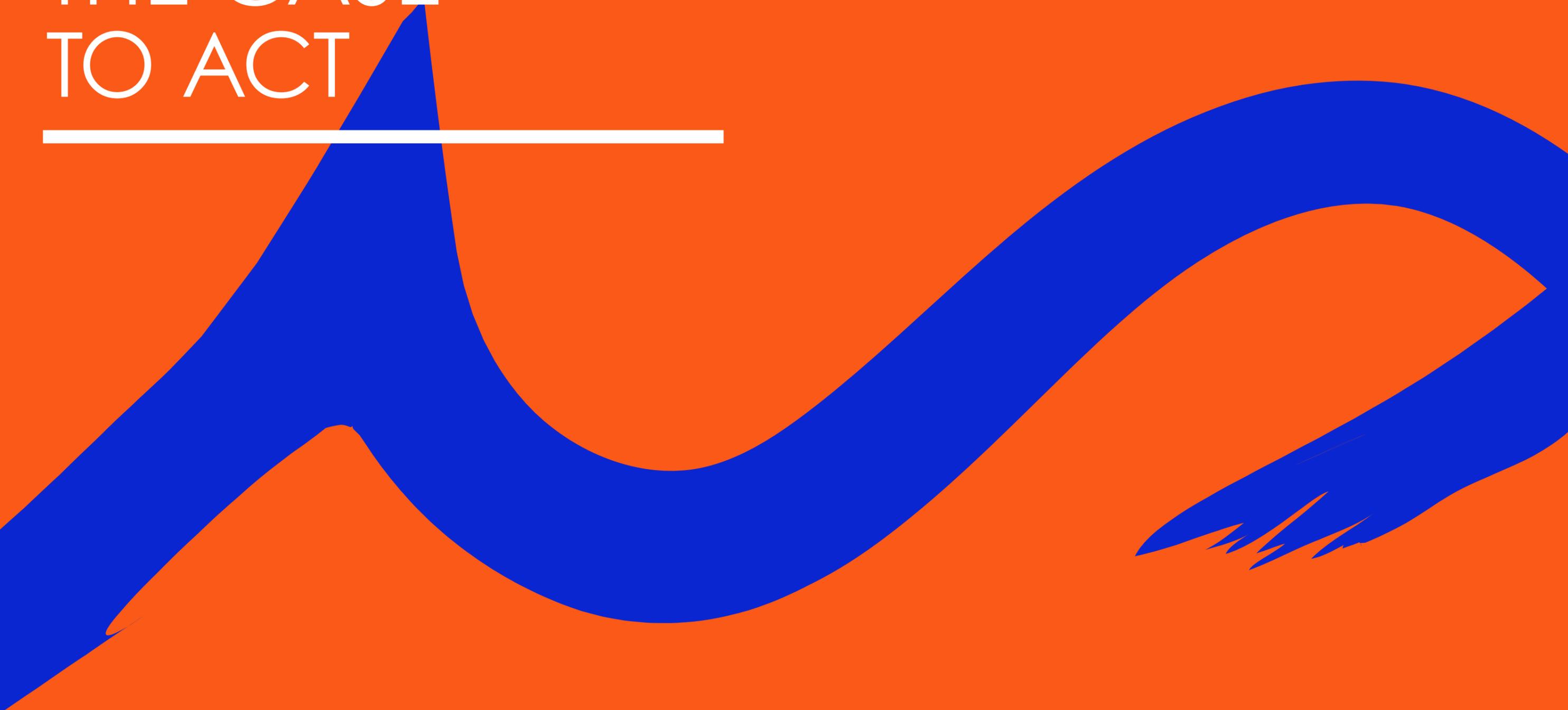
The existing business base in the borough can provide an insight into the nature of likely demand. Since 2016 the study area has seen 7% growth in creative businesses, in contrast to a decline of 2% seen across the borough (Figure 11). This suggests that the study area is an attractive location for creative sectors, however without intervention (and given the loss of space across the borough), this growth is unlikely to be sustained.

The closure of ACME, Bainbridge Studios and the upcoming closure of International House in Brixton will result in increased demand from those seeking new space in the locality.

Study Area

³⁶ West Norwood & Tulse Hill: A Manual for Delivery (2017)
³⁷ LB Lambeth Draft Revised Local Plan – Topic Paper 3 - Workspace

Part one: THE CASE TO ACT



Creative Places Create Value: The Impact of Creative Workspace on Local Residential Property

Recently published research commissioned by the Creative Land Trust highlights the positive impact of creative clusters and workspace on local areas:

- Residential values in creative clusters outperformed the London average by 4.4% per annum over the past 10 years
- Creative workspace brings vitality to a community without being disruptive, especially when present at scale
- There is significant unsatisfied demand for creative workspace, with over 1,000 named applicants
- Creative workspace as a ground floor commercial use does not add material risk and can add value
- Creative activities contribute to successful placemaking, and cultural landmarks can help to create place identity

Figure 12: The impact of creative places on land values.
Source: Creative Land Trust, 2021

Overall, evidence presented above offers considerable insight and rationale supporting intervention and delivery of workspace for creative enterprise and SMEs in West Norwood and Tulse Hill. The case to act can broadly be captured across six areas:

1. A burgeoning and growing creative economy: with existing clusters of creative micro and small enterprise already present in the area, this offers a significant strength which should be supported to grow. These clusters are valued by local stakeholders, and creative workspace is shown to have the potential to add significant public value and vitality (Figure 12).

2. Strong cross-sectoral dialogue and capacity: Station to Station and LB Lambeth have a strong relationship and deep links with the local business community. This is a key strength and positions the organisations well to provide effective and meaningful support, guidance and direct intervention where appropriate to work with local creatives and business owners to unlock workspace.

3. The town centre and Commercial Area have potential to deliver: the town centre area has historically been challenged by vacancy and an oversupply of traditional high street uses, whilst there is potential for some industrial intensification within the KIBA, in accordance with London Plan and Local Plan policy. A proactive approach to delivering new workspace uses will help to build resilience and support a more diverse and vibrant local economy.

4. Market trends shifting towards a need for creative, flexible and local workspace: prior to COVID-19, and even more so since, the market for creative and flexible workspace has been accelerating. Following the pandemic, the increased appeal of home and local working offers a key opportunity for high streets outside traditional regional and metropolitan town centres.

5. Supply falling short of demand: despite growing demand, micro and small enterprises (particularly creatives) often cannot access suitable space due to a loss of supply and unaffordability. There is a need to address this challenge to support a sector critical to the city-wide and national economy.

6. Expanding policy and funding support: the scale of the challenge is increasingly recognised in policy at the local, regional and national level. As sources of funding are made more readily available, the barriers to delivery are continuing to lower.



The Case to Act

Key documents

- LB Lambeth Local Plan (2021)
- Review of Key Industrial and Business Areas (KIBAs), 2020
- Creative Land Trust: Creative Places Create Value (2021)
- LEAP: Flexible Workspace on our High Streets (2021)
- WLA Affordable Workspace Study (2021)
- LB Lambeth Revised Draft Affordable Workspace SPD (2022)
- LB Lambeth Draft Revised Local Plan – Topic Paper 3 – Workspace (2020)
- Workspace that Works, Future of London (2020)
- LB Lambeth Commercial Office Baseline Report, JLL (2020)
- LEAP: The Affordable Workspace Crisis: Overview and Recommendations (2018)
- GLA 2018 Artists' Workspace Annual Data Note
- Lambeth Council and Southank BID: Lambeth Creative & Digital Industries Study (2017)
- West Norwood & Tulse Hill: A Manual for Delivery (2017)

PN7 West Norwood/Tulse Hill

Key



Appendix 1

Appendix 2



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studio**