Briefing Note

BE FIRST Industrial Land Strategy

1. Introduction

1.1 In early 2021 Be First commissioned Avison Young to prepare a new Industrial Land Strategy ("the Strategy") for the borough of Barking and Dagenham. The purpose of the Strategy was to provide a detailed assessment of the borough's stock of employment land and premises in light of current and future needs and consider how it can best be used to accommodate these needs.

1.2 The Strategy was prepared using a methodology that was agreed with the client team and the GLA prior to commencement, ensuring that the information used and approach taken were both robust and satisfied the tests set out by the London Plan.

1.3 Critically, the Strategy was prepared to show the potential approaches that Be First and its partners could use to accommodate future industrial land demand to support Local Plan preparation, give direction to future masterplanning exercises in key growth locations and consider development proposals against.

1.4 The Strategy is not intended to define a single approach to meeting future needs nor rigidly prescribe how each site in the borough should be brought forward. Rather it demonstrates how land assets in the borough that are currently designated for industrial use, or accommodate existing industrial activity, could be developed in the future to ensure the borough's industrial economy is provided for and any planned 'losses' of capacity appropriately offset by increases in provision elsewhere.

1.5 Both strategic and Individual site recommendations should be seen as a base case position rather than a definitive approach that cannot be deviated from. Whilst care has been taken to assess sites in as much detail as possible a range of factors will influence site delivery that cannot be known or planned for in such a high-level Strategy. As such, the Strategy should be used to understand the potential of sites, but then Be First will need to work flexibly with landowners to achieve its aims in the most appropriate way.

1.6   In some instances sites may come forward for industrial development outside of those identified in the Strategy, in other cases sites may deliver less additional space. This shouldn't be considered an issue in and of itself, but the borough will need to actively monitor the overall position to ensure there is no under-provision of space over the lifetime of the plan.

1.7   The core analytical stages of the Strategy were undertaken between January and May 2021, with subsequent minor changes made to the report to address factual errors, clarify wording or correct minor typos and other formatting issues. The final version of the Strategy was agreed with the client team in July 2021.

1.8   In reading the strategy and its recommendations it should be noted that the work has been undertaken at a time of significant uncertainty in the UK economy, with the ongoing effects of Brexit and the COVID-19 pandemic still being experienced and their long-term implications unknown. As such, whilst the forecasts used and the advice given are based on the best information available at the time of writing, these are subject to change and therefore the recommendations of this study may need monitoring and review over the coming years.

2.   Overall Approach

2.1   The approach to preparing the Strategy was split into four key steps, as follows:

- Recording the current context by:

  o   Undertaking an expansive review of existing policy and strategy locally, across London and nationally to confirm expectations around land provision, future growth and locational considerations.

  o   Analysis of the existing stock of industrial land and premises to understand its condition in terms of quality, utilisation, accessibility and nature of uses.

- Understanding future changes by:

  o   Reviewing forecasts and projections of future land needs to understand the scale and nature of space requirements.

  o   Identifying needs arising from the displacement of existing activities on sites in the borough as redevelopment and regeneration occurs.

- Assessing the capacity to accommodate growth by:

  o   Identifying sites that have conditions that would support comprehensive redevelopment and intensification for industrial uses – delivering more floorspace on the same land.

- o Confirming which sites and property typologies are needed to meet the identified needs of the future industrial economy, including analysis of which activities can be co-located with other uses, which need 'standalone' sites, which require ground floor space and which could be located on 'upper' floors.

- o Establishing relevant future industrial building typologies based on example buildings globally – and proposed within the borough - and use their parameters to test future site capacity via intensification.

- o Estimating other potential sources of supply though site densification – where small infill opportunities may increase overall supply of space across the land portfolio.

- o Comparing projected needs for space (both quantitative and qualitative) with the assessed capacity to understand how the borough can accommodate both the scale and nature of future needs.

- Considering issues of timing and delivery to ensure space can be provided when required by:

- o Developing a detailed understanding of land ownership and identifying where the public sector has direct control and influence (which will be critical in the short term).

- o Establishing a time-series of expected site redevelopment/displacement to understand when capacity will be needed to accommodate displacement alongside needs arising from economic growth.

- o Setting out a potential sequencing of site delivery (based on ownership, land utilisation, stock quality etc) and matching this to the scale and nature of needs arising from growth and displacement to ensure the borough can accommodate both the total quantum of need and also needs at intervals across the plan period.

2.2 During the course of preparing the study Be First worked closely with the GLA firstly to agree the approach being taken and secondly, in early May, to discuss initial findings and agree additional areas of assessment to ensure the Strategy aligned with London Plan policies E4-E7.

3. Key Findings and Recommendations

3.1 The London Borough of Barking and Dagenham (LBBD) has currently a large amount of industrial land. The Strategy identified a total of 446.55 ha of industrial land, divided between 8 different clusters, with Dagenham Dock being by far the largest cluster (21.1.8 ha), followed by River Road (86.4 ha)

3.2 The clusters are as follows:

- Castle Green (CG)

- Chadwell Heath (CH)

- Dagenham Dock (DD)

- Dagenham East (DE)

- Gascoigne South and Kingsbridge (GS-KB)

- River Road (RR)

- Wantz Road (WR)

- Hertford Road (HR)

Figure 1 – LBBD Industrial Clusters
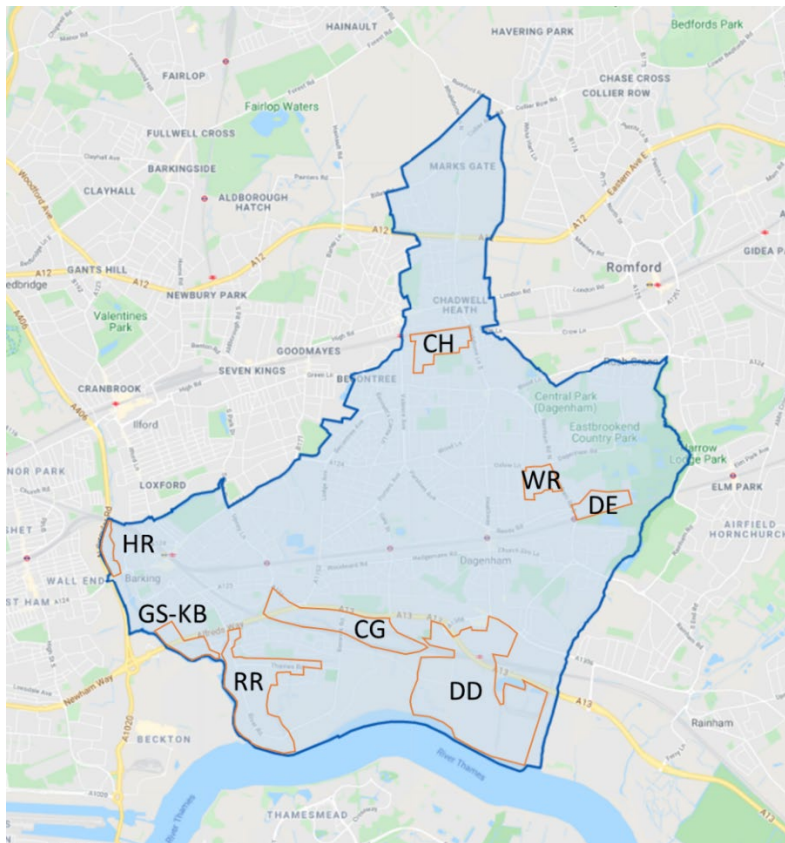
Source: Avison Young

3.3 Each cluster in the Strategy was then further sub-divided into sites (38 in total), which are formed of individual plots principally reflecting underlying freehold ownership, these formed the basis of the land capacity assessment.

3.4 Most industrial sites in LBBD are designated as Strategic Industrial Locations (SIL), with 20 out of the 38 employment sites in the borough designated as SIL and providing a total of 330.6 ha of

employment land. This represents circa 75% of all employment land in the borough and sites range in size from 1.3 ha (River Road, Site RR2) to 76.2 ha (Dagenham Dock, Site DD7).

3.5   The sites were assessed to understand the scale, nature and quality of the existing stock and establish the potential for future intensification. The identification of plots with potential for intensification was done on a range of criteria, including:

- Complexity of the land ownership: large concentrations of land, in public ownership, provide good opportunities for redevelopment as opposed to highly fragmented land in private ownership.

- Complexity of the lease structure: we identified the number of long-term leases for each plot, with the plots presenting a low number of long-term leases being the most likely to lead to redevelopment. However, plots which are owner-occupied (and therefore have no long-term leases) are considered as complex and unlikely to be redeveloped

- Existing provision on plot: we considered the quality and age of the buildings currently on plot to assess whether it had a potential for redevelopment

- Shape of the plot: large, rectangular plots present better opportunities for redevelopment and intensification

- Physical barriers: we considered things such as accessibility, potential contamination, surrounding environment, etc.

3.6   To some extent, a degree of subjectivity and professional opinion was applied to evaluate whether a plot was likely to be redeveloped or not.

3.7   Alongside intensification future capacity through densification will also happen (as is evidenced via existing planning consents) as a response to growing demand, limited availability of space and older buildings become progressively outdated and no longer fit for purpose. This will take the form of standard redevelopments, infill developments, vertical and horizontal extensions. We have assumed that in the long term, an overall plot ratio of 60% could be achieved on SIL sites and 40% on other sites (LSIS or non-designated land) where this ratio is not currently achieved.

3.8   Table 1 shows an indicative summary of the sequencing of floorspace gain and release in the core Scenario tested in the Strategy. As noted above, this is an illustrative example of how capacity can be created and the numbers presented should be treated in that light.

3.9   In terms of sequencing we have made an assumption for the purposes of this illustration that River Road will be a priority given the advanced stage of the masterplanning exercise. Accordingly, this

table demonstrates that sites identified for release and colocation in River Road could be released in the short term, with reprovision of the floorspace in alternative areas.

3.10   It should be noted that this is an assumption made solely for this illustration and to enable the sequencing to follow a clear and logical path. We recognise that, in reality, there will be a range of sites coming forward in different locations, at this point however we expect the broad principles of space needs (type/quantum) and relocation opportunities will remain consistent.

3.11   The table indicates the existing floorspace (Start) as identified in the baseline analysis of supply. The quantum of floorspace to be delivered in the short term is provided and is composed of floorspace gained from the planning pipeline, additional floorspace (uplift) that could be generated through the intensification of plots with short term opportunities and general densification of the rest of the area.

3.12   Floorspace gain in the medium and long term comes from industrial intensification or general density uplift.

3.13   We have assumed that general density uplift will be of maximum 10% of current floorspace in the short term and a further 20% in the medium term; or the equivalent of 0.2 plot ratio in the short term and 0.4 plot ratio in the long term for vacant or low density sites (i.e. DD3). Additional general density uplift identified would be delivered in the long term.

3.14   The sum of the changes in short, medium and long term and the start position (existing floorspace) equates to the long term floorspace capacity (End).

Table 1 – Sequencing of Capacity (sqm)

	Start	Short Term (change)				Medium Term (change)			Long Term (change)			End
		Planning Pipeline	Intensification	Densification	Total	Intensification	Densification	Total	Intensification	Densification	Total	
CG1	51,858	1,712	0	1,712	3,424	22,681	0	22,681	0	0	0	**77,963**
CG2	67,781	0	0	0	0	0	0	0	0	-67,781	-67,781	**0**
CG3 (east)		0	0	0	0	0	0	0	0	-49,264	-49,264	**0**
CG3 (Euro Hub)	49,264	0	0	0	0	0	0	0	87,402	13,732	101,134	**101,134**
CG4	10,126	0	0	0	0	0	0	0	0	-10,126	-10,126	**0**
CG5	18,185	0	0	0	0	0	0	0	0	-18,185	-18,185	**0**
CG6	51,496	0	0	0	0	0	0	0	0	-51,496	-51,496	**0**
CH1	47,645	0	0	0	0	11,908	-16,133	-4,225	0	0	0	**43,420**
CH2	44,787	0	0	0	0	0	-9,187	-9,187	0	0	0	**35,600**
CH3	53,986	112	0	3,614	3,726	0	0	0	0	0	0	**57,712**
DD1	51,011	0	0	5,101	5,101	0	5,101	5,101	0	587	587	**61,800**
DD2	59,105	0	0	0	0	0	0	0	31,148	0	31,148	**90,253**
DD3	323	0	0	17,935	17,935	0	35,871	35,871	0	35,871	35,871	**90,000**
DD4	14,347	0	0	0	0	0	-5,547	-5,547	0	0	0	**8,800**
DD5	10,507	0	0	18,659	18,659	0	37,317	37,317	0	37,317	37,317	**103,800**
DD6	0	24,451	66,036	8,036	98,523	0	16,073	16,073	0	16,073	16,073	**130,668**
DD7	193,410	0	0	19,341	19,341	0	19,341	19,341	0	225,108	225,108	**457,200**
DD8	254,903	19,999	0	25,490	45,490	0	25,490	25,490	0	78,116	78,116	**403,999**
DE1	0	0	0	0	0	0	0	0	0	14,000	14,000	**14,000**
DE2	32,039	0	0	-3,000	-3,000	0	-6,239	-6,239	0	0	0	**22,800**
DE3	0	0	0	7,200	7,200	0	14,400	14,400	0	14,400	14,400	**36,000**
DE4	0	0	0	4,000	4,000	0	8,000	8,000	0	8,000	8,000	**20,000**
GS1	47,674	0	0	-6,000	-6,000	0	-15,000	-15,000	0	-26,674	-26,674	**0**
KB1	42,396	0	0	4,240	4,240	59,396	1,836	61,231	0	0	0	**107,867**
RR1	9,282	0	0	0	0	0	-3,682	-3,682	0	0	0	**5,600**
RR2	14,308	0	0	0	0	0	0	0	0	-9,108	-9,108	**5,200**
RR3	28,558	0	0	0	0	15,328	0	15,328	0	0	0	**43,886**
RR4	42,960	11,362	15,737	4,296	31,395	0	4,296	4,296	0	2,770	2,770	**81,421**
RR5	87,293	615	0	615	1,230	0	0	0	84,930	0	84,930	**173,453**
RR6	105,577	185	0	10,558	10,743	0	10,558	10,558	31,711	5,314	37,025	**163,903**
RR7	9,117	0	0	0	0	0	0	0	11,917	0	11,917	**21,034**
RR8	39,003	4,105	10,899	0	15,004	0	-2,905	-2,905	0	-6,842	-6,842	**44,260**
RR9	120,001	602	0	-11,560	-10,958	0	-23,120	-23,120	0	-23,722	-23,722	**62,202**
RR10	23,383	0	0	-23,383	-23,383	0	0	0	0	0	0	**0**
WR1	27,533	0	0	0	0	0	0	0	0	0	0	**27,533**
WR2	6,416	0	0	642	642	0	642	642	0	2,301	2,301	**10,000**
WR3	45,381	725	0	725	1,450	0	0	0	0	0	0	**46,831**
WR4	30,497	0	0	0	0	0	0	0	0	0	0	**30,497**
HR1	30,244	0	0	0	0	0	0	0	0	-30,244	-30,244	**0**
TOTAL	**1,720,396**	**63,868**	**92,672**	**88,221**	**244,761**	**109,313**	**97,111**	**206,424**	**247,109**	**160,147**	**407,256**	**2,578,837**

Source: Avison Young, 2021

3.15   Table 2 shows the evolution of floorspace by cluster. This table is useful to understand the capacity of a cluster to relocate space from one site to another within its own boundaries and whether relocation to other clusters will be necessary to allow for release of sites.

3.16   Within the Strategy a substantial amount of floorspace is expected to be lost in Castle Green following the release of sites in the long term. Chadwell Heath, Gascoigne South and Hertford Road are also expected to see a reduction of industrial floorspace to support mixed use regeneration (Chadwell Heath) or release of the sites (Gascoigne South and Hertford Road).

3.17   Sufficient additional floorspace capacity will be created in other clusters (or retained sites within the same cluster) to accommodate the relocated employment. As already stated, overall there is sufficient capacity in the borough in each timeframe to accommodate needs.

Table 2 – Change in Floorspace (sqm) by Cluster

	Short Term	Medium Term	Long Term	TOTAL
Castle Green	3,424	22,681	-95,718	-69,612
Chadwell Heath	3,726	-13,412	0	-9,686
Dagenham Dock	205,048	133,646	424,220	762,914
Dagenham East	8,200	16,161	36,400	60,761
Gascoigne South	-6,000	-15,000	-26,674	-47,674
Kingsbridge	4,240	61,231	0	65,471
River Road	24,514	475	96,971	121,477
Wantz Road	2,092	642	2,301	5,034
Hertford Road	0	0	-30,244	-30,244
Total	**244,761**	**206,424**	**407,256**	**858,441**

Source: Avison Young, 2021

3.18   Using the latest Experian employment forecast available at the time of the study, the Strategy established that LBBD would need to accommodate 'at least' an additional 203,000 sqm of industrial floorspace - circa 50 ha of employment land using traditional development typologies and density ratios.

3.19   Based on the translation of the year-on-year employment forecast into floorspace and land requirements we expect that a large share of this future demand will come in the short-term (next 5 years). In addition demand will arise from the displacement shown in Table 1.

3.20   As shown below, based on the assumptions shown in Table 1, the borough will have sufficient capacity to accommodate future needs, with significant headroom available to allow for any different outcome that may occur on individual sites.

Figure 2: Future Capacity versus Future Demand (sqm)
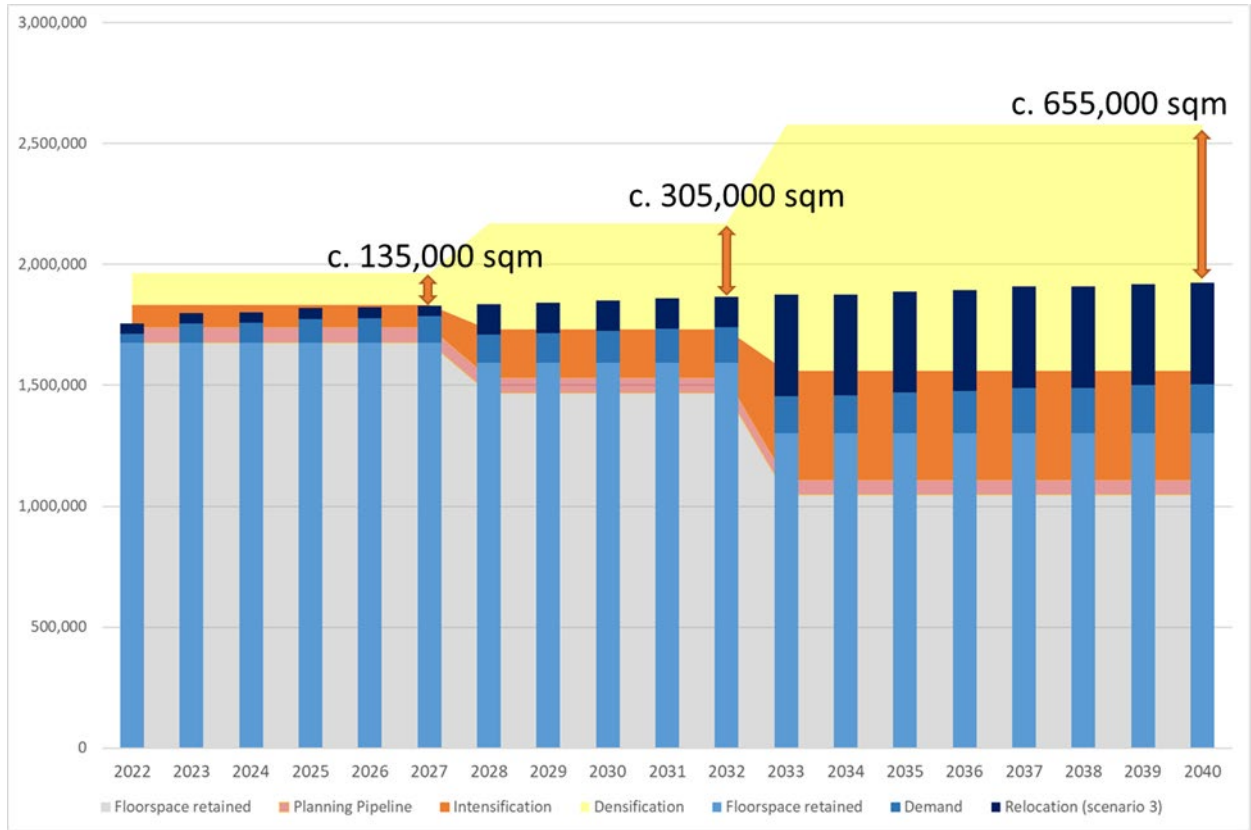
Source: Avison Young, 2021

4. Alignment with the Local Plan

4.1 Since the Strategy was completed the Regulation 19 draft Local Plan ("draft Local Plan") has been prepared. This sets the spatial strategy for the borough and provides area specific guidance for how growth will be accommodated over the plan period to 2037.

4.2 The Local Plan uses the findings of the Strategy to inform the approach to each identified Transformation Area, balancing this against wider technical constraints and development needs identified within the wider Local Plan evidence base.

4.3 In the main the draft Local Plan adopts a strategy in each Transformation Area that outlines the priorities for the stock of existing industrial land and reflects the testing undertaken in the Strategy. However, in some areas the proposed policies take an approach that differs from the scenarios tested, we consider these in turn below.

Area Policy SPP2 – Thames Riverside

4.4   The draft Local Plan groups two of the employment land clusters considered in the Strategy into the Thames Riverside policy area – Thames Road (which is in the River Road cluster in the Strategy) and Castle Green.

4.5   The **Castle Green Transformation Area** proposes, in the long term, that the A13 is tunnelled releasing the potential to greatly improve the quality of development and the environment in the Castle Green area. Policy SPP2 resists the piecemeal redevelopment of industrial sites in Castle Green ahead of this and requires that a comprehensive masterplan-led approach is taken forward, with any release or change of use needing to *"come forward in accordance with the approved Masterplan SPD and comprehensive delivery strategy as per Policy DME1 and London Plan Policy E7".*

4.6   The Strategy considers that, in the long term, there is scope to release some SIL designated sites in Castle Green whilst seeing significant intensification of other retained SIL designations within the Transformation Area. Overall, this would see a reduction in capacity of 69,612sqm with all of this occurring in the long term – following the A13 works which would potentially displace businesses to enable construction.

4.7   The Strategy is clear that the scenario test is based on an area wide approach to intensification and release, with CG1 and CG3 intensified in order to support the release of other sites in the Transformation Area – with remaining capacity transferred to other sites in the borough that are suitable for such uses.

4.8   Therefore, both Policy SPP2 and the Strategy are consistent in that they both identify the potential for some of the SIL sites to be released but recognise this needs to be undertaken based on a joined up approach to development to ensure the industrial economy is not impacted by land use change.

4.9   The **Thames Road Transformation Area** has been identified as a key location for change, seeking to transition for lower quality and low intensity industrial land to a mix of higher intensity industrial activity and housing. Policy SPP2 sets out that any release of SIL in the area would need to conform with the Masterplan SPD for the area, Policy DME1 and London Plan Policy E7.

4.10   The Strategy identifies the potential for a number of sites to be considered for alternative designations to allow mixed use regeneration to come forward and provide employment floorspace suitable for future business needs.

4.11   Under the scenario test taken forward in the Strategy the main changes would be to sites RR8 and RR9 which would move from SIL to LSIS to allow for co-location to be delivered, whilst RR10 would be released in its entirety.

4.12   It should be noted that the assessment in the Strategy was intended to test the emerging masterplan approach to ensure it was deliverable and continued to maintain the appropriate stock of industrial space across the plan period. As such we would anticipate the final Masterplan SPD to take on board the recommendations of the Strategy, ensuring that the Local Plan policy and its evidence base align given Policy SPP2 requires developers to bring forward proposals that conform with the SPD.

4.13   The Strategy does consider some alternatives in this location, such as the potential for partial retention of the SIL designation on RR8 to create an improved relationship with RR4 and RR7 – allowing for development to come forward in a different configuration.

4.14   However, this isn't taken forward in the recommendations given the significant headroom within the borough's capacity overall and the River Road / Thames Road area in particular even with the whole site considered appropriate for co-location and therefore an LSIS designation.

Area Policy SPP4 – Chadwell Heath

4.15   The draft Local Plan sets out an expectation "*that there will be no net loss of industrial floorspace across the Chadwell Heath Transformation Area"* and any future loss of LSIS would only be considered where it conforms with the masterplan SPD, Policy DME1 and London Plan policy E4.

4.16   The Strategy considered that there may be scope to release some industrial floorspace within Chadwell Heath to enable the wider vision to be achieved. Sites CH1 and CH2 were considered to be opportunities for mixed use redevelopment that, whilst still providing industrial space through co-location, overall reduced floorspace by c.9,686sqm compared to existing stock.

4.17   The Strategy anticipated that in the short term there would be an increase of industrial floorspace in CH3 (3,614sqm) whilst CH1 and CH2 would see floorspace loss in the medium term.

4.18   It should be noted that the Strategy did not consider Chadwell Heath to be an inappropriate location for industrial activity to continue but recognised that given a number of factors (such as access, ownership, neighbouring uses) significant intensification was not possible. Moreover, it considered that the area may also be suited to other forms of employment use that would more comfortably sit in mixed use environments but would still be industrial in terms of the character of property needs.

4.19   As discussed in the Strategy the borough has significant potential industrial space capacity through retention, intensification and densification of existing sites. The approach set out in Chapter 9 of the

Strategy (as noted) shows how, if a particular course of action is followed, the borough can still meet its overall industrial land needs.

4.20   In essence, if Chadwell Heath were to be delivered in line with SPP4 and there was no net loss of industrial floorspace then there would be a reduced need for other areas to deliver additional space over the medium and long term to accommodate displacement, however in the short term some additional space will be needed to facilitate relocations to then allow sites to be developed.

4.21   The scenario testing in the Strategy also provides comfort that should Chadwell Heath not come forward and achieve no net loss of industrial floorspace (as can be justified under Policy DME1) then the borough has the capacity to offset any loss in other locations that would provide suitable alternative places for businesses to be based.

4.22   It should also be noted that the capacity figure for Chadwell Heath in Policy DME1 reflects the Strategy scenario testing and therefore provides a robust floorspace target for the Transformation Area that can be accommodated through typologies of space appropriate for the expected nature of future demand.

5.   Summary and Conclusions

5.1   Overall, the Industrial Land Strategy set out an objective assessment of the potential for the industrial economy in Barking and Dagenham and how this can be accommodated alongside the other growth needs of the borough.

5.2   It concluded with an indicative land use strategy that ensured that over the short, medium and long term the borough had in place an appropriate scale and nature of industrial land to meet needs arising both from economic expansion and any loss of capacity on sites in Transformation Areas across the borough.

5.3   The Strategy identified that a number of existing SIL designated sites across the borough offered conditions that could, over the plan period, support the intensification of industrial uses through comprehensive or infill development. Ultimately, the Strategy concluded that the borough had sufficient capacity on retained SIL sites to provide significantly more floorspace than would be needed based on both economic growth projections and anticipated displacement.

5.4   The Strategy identified that there was significant 'headroom' in the potential supply position, even with known/planned losses. This is an important conclusion to draw as it provides resilience within

the borough, meaning that not all sites considered suitable for intensification would need to come forward in the way considered for the borough to meet its needs.

5.5   The draft Local Plan sets out a strategy across the borough to seek to make more efficient use of its industrial land assets and directs landowners and developers to bring forward existing industrial sites for intensification of use, signposting them to the Strategy as a base for understanding the future potential of their site.

5.6   In key Transformation Areas the draft Local Plan sets out a requirement to plan future change in a comprehensive manner. This mirrors the approach taken in the Strategy in terms of considering each cluster of sites as a whole to identify which areas are appropriate for intensification and how they can work with sites redeveloped for non-industrial uses in the same cluster to provide appropriate space to allow for relocations.

5.7   Overall, as discussed in this report, the draft Local Plan follows the principles established within the Strategy in terms of the scale, quantum and location of future industrial land capacity and the need for areas to be planned comprehensively in order to ensure the future of the industrial economy.