

Barnet Local Plan EIP – Note on Office Demand

Reason for producing this Note

On Day 4 (Tuesday 4th October) at the hearing session's, consideration of Matter 4 – Economy, Employment, Retail and Town Centres, Inspector Wildgoose requested provision of a note that

- Explain the approach taken in Policy GSS01 and Main Modification MM19 in relation to office demand, specifically in the event that Brent Cross development does not come forward.

Background

As acknowledged in both the London Office Policy Review 2017 (LOPR) [EB_E_05] and the Barnet Employment Land Review (BELR) [EB_E_04] the delivery and retention of office space across London has been challenging. That challenge is heightened for Barnet, as an Outer London borough with no commercial focal point, a small office market and ageing stock dispersed across the Borough. This is especially a major problem, as the grant of permitted development rights for office to residential has meant that Barnet has lost significant levels of office stock.

However, the Brent Cross development provides an opportunity to change commercial employment space in the Borough. The 2014 outline planning permission granted, amongst other uses, the development of 395,297m² of office employment space which will provide Barnet with the commercial focal point it is currently lacking and as noted by the BELR in para 7.3.8

“...once developed the office campus will create supply chain opportunities for other SMEs in Barnet. This will include both existing firms in Barnet and those that will be established to take advantage of the new locally generated demand for goods and services. As such it is likely to have a positive impact on the demand for office floorspace elsewhere in the Borough.”

A commercially focused Brent Cross is required in order to deliver the employment potential identified in the London Plan and to achieve Metropolitan Centre status (as defined in London Plan Annex 1 – Town Centre Network). There is, therefore substantial policy interest in having the commercial aspect of Brent Cross built out.

The volatility of the outer London office market combined with the more permissive regime, with regards to non-residential uses being increasingly converted to residential, together with the impact of COVID19 on the way we work has however led to further scrutiny of the commercial employment aspect of the Brent Cross outline consent. BXSLP, the developer for Brent Cross Town, has advised that they have strong pre-let demand for office space. This is notwithstanding the very early stage in the scheme's development. According to BXSLP, a key strength for Brent Cross Town is that it meets a desire for a place where social connectivity, environmental sustainability and health and wellness are prioritised, and new tenants see massive opportunities in being participants in a new market leading net zero carbon business district. They also highlight that although working patterns have

become more flexible since COVID19, the majority of employers are encouraging employees back to the office, not least for collaboration and learning benefits.

The quality and type of office is therefore more important than ever to encourage people back to work. The location of Brent Cross Town offers something unique in terms of it not being central London. It will be a high-quality new neighbourhood that is easily accessed from areas outside London, but with excellent access into central areas. Brent Cross Town will benefit from good transport accessibility, providing a mixed-use development with commercial space coming forwards with residential, retail, public realm, sports and play areas, allowing many to live and work in the area. The first commercial building, Plot 1 has now received planning approval.

Both Policies ECY01 and TOW01 encourage commercial employment uses into the Town Centres with Edgware as a Major Town Centre and 14 District Town Centres distributed across the Borough. As noted in Plan para 7.6.3 *“Employment is critical to the vitality of town centres, and the Council will support viable employment opportunities to sustain activity and encourage growth including greater variety in the typology of workspace provision.”* Therefore, should the commercial employment element of the Brent Cross planning application prove difficult to implement, the existing Town Centres across the Borough would be able to absorb the commercial floorspace requirements identified by the market for Barnet. The BELR (p.100) highlights that zero delivery at Brent Cross *“will depress the overall demand projections for Barnet. It is unlikely there would be demand for a similar quantum of development elsewhere in the Borough.... . In the absence of any office development at the site, then the office demand projections are likely to be closer to the trend projection of 28,000 sq m of net additional floorspace over the period 2016-36.”* The Council’s view is that established Town Centres in the Borough could accommodate this level of demand.

Consideration

The London Office Policy Review (LOPR) [EB_E_05] notes that London is a polycentric city and that different markets have established themselves across the outer areas of London, just as they have clustered in parts of central London. It also notes that, as a result of permitted development rights, small businesses have found it difficult to continue operating in previously established locations due to the loss of office space to residential.

The BELR notes that the Barnet office market has been heavily depleted since the introduction of permitted development rights. However, its analysis of the introduction of 395,297m² of commercial employment space in Brent Cross is very positive. The report considers different scenarios in relation to the delivery of the commercial space at Brent Cross. While the full build out of the commercial space is the best outcome for the Borough and is likely to have positive impacts for employment across the Borough, the BELR also examines if there is only partial build out or no commercial space delivered at Brent Cross.

If there were to be only a partial or zero build out of the commercial space at Brent Cross this would be due to market signals. Current indications from BXSLP, the developer for Brent Cross Town, is that they intend to build out the commercial employment space and have it delivered within the Plan period. If this proves not to be the case the Council has the following options depending on the level of delivery at Brent Cross:

- Partial delivery – if this occurs there is likely to be an issue with the market or an inability for developers to secure key occupiers of the space. However, even a partial

delivery would still represent a significant provision of new commercial space for the Borough and still allow for the delivery of substantial new town centre for the Borough. Plan Policies ECY01 and TOW01 would also allow for additional commercial space to be built by other developers in the area and in nearby town centres such as Edgware, East Finchley, Finchley Church End, Brent Street Hendon and North Finchley which are existing office locations in the Borough.

- If no office space were to be delivered at Brent Cross, which the Council considers is the least likely option at the moment, Policies ECY01 and TOW01 would allow for commercial employment space to be delivered across the Borough into Town Centres. As noted by the BELR this would probably dampen demand for commercial floor space resulting in only low levels of delivery.

Conclusion

The delivery of new commercial employment space in the Borough is market driven. Currently the indications are good that the consented commercial space at Brent Cross will come forward within the Plan period. In the unlikely event that the development is unable to deliver the full amount of consented floorspace, Policies ECY01 and TOW01 would allow for commercial floorspace to be delivered in the Town Centres if the market indications were positive and developers were seeking additional commercial floorspace in the Borough.