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THE PLANNING BALANCE – BEDS VS. SHEDS



For those following the progress of the industrial and logistics policies in the emerging new London Plan, the Mayor's Publication Plan which was issued just before Christmas, shows how the balance has tipped from sheds to beds over the last 12 months, away from the position in the Intend to Publish London Plan of December 2019. Overall, the changes loosen the protection for industrial land, particularly where housing pressures are high.

Since the publication of the Mayor's Intend to Publish London Plan, the Secretary of State has issued two sets of Directions instructing him to make changes to certain policies and supporting text. The first set, issued in March 2020, required the Mayor to take a "more proportionate stance" in the balance between protecting industrial land and releasing it where demand for housing is high, and to remove the "no net loss" requirement for existing industrial land.

New directions

The original draft Policy E4 referred to no net loss of industrial floorspace capacity (or operational yard space) across London as a whole within designated Strategic Industrial Land (SIL) and Locally Significant Industrial Sites (LSIS), and this was a central tenet of the plan. The Direction was to delete this part of the policy. In addition, rather than the plan addressing the need to "retain" sufficient industrial and logistics capacity, this was adjusted to "provide" sufficient industrial and logistics capacity with the emphasis very much on the intensification of floorspace capacity in existing and/or new locations.

New text was also added at para 6.4.8 encouraging boroughs to assess whether the release of industrial land for alternative uses would be appropriate in areas with vacancy rates "well above" the London average and with low demand. The text provides little guidance as to what this specifically means and no formal definitions.

The second Direction, issued on 10 December 2020, required further changes to this paragraph with the Secretary of State explaining that due to the profound impact Covid-19 is having on London, it is important to provide those boroughs in the difficult position of facing the release of Green Belt or Metropolitan Open Land with a greater freedom to consider the use of industrial land to meet housing needs.

As a result the Publication Plan now refers to vacancy rates “above” the London average at para 6.4.8 (rather than “well above”) and adds the advice that where boroughs are proposing changes through a local plan to Green Belt or MOL boundaries to accommodate their housing target, they should demonstrate that they have made as much use as possible of suitable brownfield sites and underutilised land, including – in exceptional circumstances – appropriate industrial land in active employment use. This means that let industrial estates could now be targeted for residential redevelopment. The plan adds that, where possible, a substitution approach to alternative locations with higher demand for industrial uses is encouraged.

On-the-ground impact

The combined effect of these changes is to dilute the protection of industrial land, particularly in the local plan making process, and as a result we would expect competition between residential and industrial uses to intensify, particularly in older industrial areas that are not well positioned to the strategic road network. However, these areas are often important to SMEs due to less competition and cheaper rent. Trends in demand can be transitory and cyclical. And with the truism “once it’s gone, it’s gone” holding firm, releasing industrial land must be handled very carefully.

For example, Gerald Eve’s Multi-Let Insight Series 2020, which analyses the UK’s multi-let industrial property market (units of 500–50,000 sq ft), identifies that multi-let has been more challenged by the impact of the coronavirus, compared with its larger industrial counterparts. The smaller multi-let units typically face a much higher share of the upfront business interruption because they are more likely to be traded directly out of (i.e. trade counters) or supply industries that have shut / will be compromised due to social distancing (i.e. hospitality or airlines). So there may well be increased vacancies and fall-offs in demand in certain areas in the short term, but as the economy recovers so should demand.

Additionally, the last 10 months of COVID restrictions and lockdowns has only reinforced consumer trends in online shopping with the resulting impact on logistics and last mile delivery where demand for new sites has accelerated. This is a trend that is here to stay and highlights just how much we rely on our supply chain network to enable our lifestyle choices. The planning process must ensure the availability of suitable land for this sector when assessing how to provide sufficient industrial and logistics capacity as well as enabling housing delivery.

Further reading on Gerald Eve’s Multi-Let Insight Series 2020 can be found [here](#)

Best of both worlds

Happily, in some cases residential and industrial can co-exist, providing the optimal solution to deliver two key land use priorities. On 24th December 2020 Gerald Eve secured planning permission at St Pancras Commercial Centre just north of Kings Cross in London Borough of Camden on behalf of W.RE for circa 16,000 sq m of new office space, 3,300 sq m of replacement light industrial floorspace, 800 sq m of new retail floorspace and 33 new residential units of which 14 are affordable. In this case the site has been arranged to enable both light industrial and residential uses to coexist and allows for a separate vehicular entrance for the industrial use. The scheme also contributes to improvements to the public realm including creating a new public open space and pedestrian routes through the site.

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