

Sadiq Khan (Mayor of London)
New London Plan

Submitted by email:
londonplan@london.gov.uk

2nd March 2018

Dear Mr Khan,

DRAFT NEW LONDON PLAN - COMMENTS BY THE AIRPORT INDUSTRIAL PROPERTY UNIT TRUST

CONSULTATION - DECEMBER 2017 TO MARCH 2018

The Airport Industrial Property Unit Trust ('AIPUT') is writing in response to the request for comments on the Draft New London Plan (published in December 2017) – hereafter referred to as the 'DNLP'.

Introduction to AIPUT

AIPUT is a long term active investor-stakeholder at and in near proximity to major UK gateway airports, with assets under management of £620 million. We are an award-winning specialist owner, manager and developer of in excess of 2.3 million square feet of high quality, air cargo warehouse and logistics accommodation at five UK airports: Heathrow, Gatwick, Stansted, East Midlands and Glasgow. AIPUT is managed by Aberdeen Standard Investments, a leading asset management group with both a local and global outlook.

AIPUT's London airport portfolio totals around 2.2 million square feet and reflects 98% of our assets by value. The portfolio performs a crucial role in supporting the needs of major aviation related industries and provides our customers with a conduit to safely and efficiently transport passengers, products and goods all over the world. AIPUT is one of the largest landlords on and around the airports; which, combined with our aspiration to grow our portfolio and further support the functions of the airports, means that we have a significant interest in their future success, and the spread of that economic benefit to the local communities and throughout London and the UK.

A key attribute of AIPUT's role and aviation market insight is our strong representation at Heathrow Airport, where we have numerous assets. This is a reflection of the Airport's prominence as a highly connected global hub, where our assets are a vital component in maintaining its ability to contest in a heated and competitive global marketplace. AIPUT provides high quality real estate solutions for its UK and international customers to undertake cargo-handling, ground-handling, pharmaceutical, express-parcel, catering and freight-forwarding

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operations for organisations such as dnata, DHL, Gate Gourmet, Kuehne + Nagel, Swissport and UPS.

It therefore follows that our approach to reviewing and commenting on the DNLP has been to focus on its approach to the economy, spatial development, logistics and freight, aviation, and management of the environment.

Aviation

We note that the Mayor supports the case for additional aviation capacity in the south east of England, providing it meets London's passenger and freight needs without increasing pollution and noise thresholds, and addresses associated environmental and health impacts. We agree with the recognition in the DNLP that additional capacity is crucial to ensuring London's continued prosperity and to maintain its international competitiveness and world-city status (Policy T8).

AIPUT is supportive of the sustainable expansion of Heathrow Airport to help meet the established need for additional capacity, along with the use of new technology to deliver efficiency benefits and tangible reductions in any negative impacts.

We see the expansion of the Airport having a number of distinct benefits, including:

- new jobs, skills and economic benefits across the UK;
- new domestic air connections with the Airport – to allow greater access from the UK regions to locations worldwide outside the UK;
- increased air-cargo capacity at the UK's busiest gateway port by value;
- inbound tourism benefits for the UK; and passenger service benefits.

We also recognise that with the expansion of this major international airport hub there is the associated need to manage and potentially mitigate indirect impacts. AIPUT has recently commented on the Draft Airports National Policy Statement ('NPS'), which itself supports expansion of the Airport. The DNLP and its preparation should clearly have regard to this emerging NPS.

Freight and Transport

AIPUT welcomes the focus given to freight and transport. We agree that roads will continue to play a vital role in London. Greater priority needs to be given to making them more efficient and delivering long term sustainable, clean freight movements throughout the Capital. AIPUT supports measures and new technology that achieve this and also facilitate continued economic growth, including strong demand for logistics related employment use at the major transport hubs (such as Heathrow Airport).

The Economy

Chapter 6 of the DNLP includes a number of positive economic policies. We welcome the focus on protecting Strategic Industrial Locations ('SILs'), Locally Significant Industrial Sites ('LSISs') and Non-Designated Industrial Sites, and on maintaining a sufficient supply of land to meet current and future demand for, amongst other things, warehousing, logistics and job creation (Policy E4).

AIPUT notes that the DNLP sets out a significant need for additional industrial land to be allocated, in particular to meet strong demand for logistics to service growth in London's economy and population. Indeed, the DNLP refers to research produced by the Greater London Authority, which anticipates that there will be a positive net demand for industrial land in London over the period 2016 to 2041.

The DNLP suggests that the need for additional land has been compounded by the fact that over the period 2001 to 2015, more than 1,300 hectares of industrial land (including SILs, LSIS and Non-Designated Industrial Sites) was lost to other uses. Furthermore, the DNLP identifies scope for the release a further 233 hectares of industrial land over the period 2016 to 2041.

AIPUT's experience indicates that a significant proportion of the occupier demand for industrial land is in the West London area around Heathrow Airport (with or without the third runway). Key areas of growth are for aviation related uses, freight forwarding and transport. Increasingly e-commerce related operations that support the nearby urban areas have dominated occupier take-up in line with the growing population and need for efficient supply chain networks. This underlines the need to ensure an adequate supply of industrial land in the right locations, including around Heathrow Airport, that support the evolving customer base.

Spatial development

We note the significant focus given to making the best use of land, including the redevelopment of brownfield sites and the intensification of existing places. Policy GG2 places emphasis on proactively exploring the potential to intensify the use of land and promoting higher density development; particularly on sites that are well-connected by public transport, walking and cycling.

AIPUT welcomes the approach to high density development in appropriate areas, given that demand for space in urban areas at or close to public transport interchanges is expected to significantly outstrip land supply over the long term. We suggest that intensification should be directed towards employment sites to increase industrial floorspace and meet expected occupier demand. This enhanced intensification culture should form part of a spatial development strategy for London that also includes the sustainable development/release of other land, including, in exceptional circumstances, the release of Green Belt land to meet established demand.

Opportunity Areas

We note that the identification of Opportunity Areas ('OA') has continued and that the land around Heathrow Airport forms part of the 'Heathrow/Elizabeth Line West' OA (Policy SD1). We agree that the Heathrow/Elizabeth Line West OA, along with the other OAs, should be the Capital's most significant development locations having the capacity to accommodate much needed new housing, commercial development and infrastructure (of all types).

Substitution

We note that Policy E7 (in Chapter 6) refers to the scope to facilitate the substitution of some of London's industrial capacity to related property markets elsewhere in London and beyond, as this could hypothetically free up the land for other uses and help to prevent loss of supply. Whilst we see the logic behind this and acknowledge that the policy only advocates any substitution as part of a clearly-defined strategy, it should be noted that some industrial uses could not be substituted to other locations. For instance, the nature of aviation related industrial and logistics uses is that they need to be close to airports, such as Heathrow.

Green Belt

We note that the DNLP aims to accommodate all of London's growth within its boundaries without intruding on its Green Belt or other protected open spaces. Policy G2 states that the extension of the Green Belt will be supported, where appropriate; however, it sets out a blanket presumption against its de-designation.

The DNLP refers to the National Planning Policy Framework ('NPPF') and its guidance in respect of the Green Belt. The NPPF (paragraph 82) confirms that the general extent of Green Belts across the country is already established and that new Green Belts should only be established in exceptional circumstances. Paragraph 79 confirms that the fundamental aim of Green Belt policy

is to prevent urban sprawl by keeping land permanently open and that the essential characteristics of Green Belts are their openness and permanence. The NPPF also states (paragraph 83) that once established, Green Belt boundaries should only be altered in exceptional circumstances and that this should be done through the preparation or review of a local plan. As such, the NPPF does not preclude the release of land from the Green Belt.

Although AIPUT acknowledges the need for and importance of the Green Belt in London (in instances where it performs well in terms of checking the unrestricted sprawl of large built-up areas and its other purposes), we are concerned that Policy G2 as drafted pre-judges the local plan process across the Capital by suggesting that limited Green Belt releases will not be supported, even where there are exceptional circumstances (e.g. development needs that cannot be met by other means) and the land in question no longer fulfils a valid Green Belt purpose or function. With regard to such limited Green Belt release, we are aware of recent Green Belt reviews carried out by borough's as part of their local plan reviews, which conclude that limited areas of Green Belt should be de-designated as a result of exceptional circumstances relating to accommodating development needs, the need for new transport infrastructure and the fact that these areas perform poorly in terms of Green Belt purposes and function.

We therefore consider that Policy G2, rather than placing a blanket presumption against de-designation, should recognise that there may be situations where the limited release of Green Belt land is acceptable (where exceptional circumstances can be demonstrated) and that this should be considered by boroughs through the review of their local plans.

While Green Belt boundaries, in terms of the release of land from the Green Belt, should only be altered in exceptional circumstances, the same principle applies to new Green Belts and the extension of Green Belt boundaries. Again, this should be recognised by Policy G2, along with the fact that any extensions should be advanced through local plan reviews.

Inclusive communities and design

We welcome the positive approach to building strong and inclusive communities (Policy GG1). In particular, the focus on seeking to ensure that London continues to generate a wide range of economic and other opportunities, and providing access to good quality services and amenities that accommodate, encourage and strengthen communities. This policy focus aligns with our commitment to integrity, including not sacrificing long-term good for short-term gain, and seeking to set the standards for good practice as responsible investors.

We also welcome the focus on design that maximises the efficient use of land, facilitates an inclusive environment, achieves safe and secure environments, helps to manage the impacts of noise and poor air quality, and delivers buildings and spaces that are positioned and of a scale, appearance and shape that responds successfully to the identity and character of the locality (Policy D1).

AIPUT looks forward to seeing the Mayor's response to the consultation in due course.



On behalf of AIPUT