

Public Liaison Unit
Greater London Authority
City Hall
The Queen's Walk
More London
London
SE1 2AA

9th December 2016

Dear Sir/Madam

RESPONSE TO 'A CITY FOR ALL LONDONERS' FOR AND ON BEHALF OF SEGRO PLC

CBRE Limited (CBRE) is instructed by SEGRO to make representations to the consultation document vision: 'A City for all Londoners'.

SEGRO is a leading owner, asset manager and developer of modern warehousing and light industrial property. In Greater London, their portfolio extends to over 12.5 million square feet of light industrial and urban logistics space and is home to 450 customers operating from 55 estates across the capital. These customers, which include major businesses such as Rolls Royce, Brompton Bike, British Airways, Ocado, John Lewis, DHL, employ over 25,000 people and operate in a range of sectors from e-retailing to manufacturing, TV and media to aerospace and automotive to food production.

SEGRO is also the Greater London Authority's partner for the redevelopment of the East + portfolio, which consists of 86 acres of industrial land in the London Riverside Opportunity Area. Having been appointed in October 2015, SEGRO has already started the speculative development of its first scheme. SEGRO Park Rainham will deliver 330,000 sq. ft. industrial part, including an Enterprise Quarter for small business start-ups. This development compliments SEGRO's long term development that will see 2.1 million square feet of new industrial space built over the next 5 years.

SEGRO is a major owner and developer of industrial land within London and are committed to working with the Greater London Authority (GLA) to help shape the future of city so that it benefits the lives of all those living and working in the Capital.

In consideration of the vision as a whole, SEGRO are supportive of the broad principles set out in the document. We set out specific comments below:

'Employment land across the city' (p21)

SEGRO support the notion that:

'Across the city, I will make provision for industrial and retail activity, and I will promote viable strategic locations for office space, including in outer London.'

London is arguably the most influential global city. The capital's vibrant economy is underpinned by an incredibly diverse range of business sectors from finance to retail, construction to television and film and tourism to hospitality. These sectors make a significant economic contribution and, though distinct in their own right, all share a common requirement. They all rely on a highly efficient and effective supply chain to function and serve their customers. Urban logistics – the movement of goods around a city - enables the supply chain to function for a multitude of sectors and is therefore integral to London's "productivity" as a city and its success on the world stage.

Urban logistics is facing an unprecedented level of growth in consumer demand arising from:

A growing population - London's population is forecast to grow from approximately 8.7 million in 2015 to over 10 million by 2031¹ and potentially to 13 million by 2050². This level of growth is equivalent to the combined population of Birmingham and Coventry being accommodated in London between 2015 and 2031³. As a result, there will be increased demand for goods and services and an expectation that this consumer demand will be met.

Changes in the way we shop - There is a significant pace of change towards digitally-enabled retail platforms, with UK shoppers spending more than any other European country online (£60 billion forecast for 2016)⁴. UK online sales grew by 16% in 2015 and are forecast to continue to grow around 15% in 2016. Demand for almost immediate delivery of orders (with the rise of services such as Amazon Prime Now providing one hour delivery) as well as the related product returns requiring the logistics response to continually improve. Location of urban logistics premises will only become more important as timeliness becomes ever more fundamental to the service offered to customers. It is clear that demand for urban logistics is growing to serve the needs of London and maintain its ability to function effectively. The ability of the urban logistics sector is, however, challenged by a diminishing supply of industrial land, in particular to other uses.

Change of use - From 2010-2015, a total of 528 hectares (ha), or 7.1%, of London's industrial land was released to non-industrial uses, such as housing. This is equivalent to 106ha that has been lost every year. This is around three times greater than the targeted release of land as established in the Greater London Authority's (GLA) (2012) Supplementary Planning Guidance – Land for Industry and Transport of 37ha per annum.

¹ GLA 2014 round population projections

² GLA 2013, Population and Employment Projections to Support the London Infrastructure Plan 2050 (Update)

³ Based on local authority areas of Birmingham (1,111,307 in 2015) and Coventry (345,385 in 2015) compared to projected change in London population between 2015 and 2031 (1,464,521)

⁴ Centre for Retail Research (2016) <http://www.retailresearch.org/onlineretailing.php>

SEGRO recommends that there should be a London-wide review of Strategic Industrial Land and Policy 2.17 (Strategic Industrial Locations) of the London Plan. This would ensure that planning does not take place in a piecemeal fashion, building on existing locations and potentially inappropriate locations and sites for today's urban logistics providers, which may be better suited for alternative uses

The review should consider:

- The quantum of industrial land that is available
- Whether sites are in the right locations
- The quality of space and land available
- The rate at which industrial land is being lost to other uses, particularly high quality larger sites and those in key industrial locations
- Whether the right sites are being retained
- Where new locations are needed; and
- Land ownership

Two of SEGRO's longstanding industrial sites within London (OPDC) are already identified for residential development as part of the regeneration of Old Oak Common. Whilst SEGRO recognises London's housing crisis and is prepared to use its expertise and assets to help meet housing shortfall, their core business is industrial and urban logistics development. Therefore new industrial locations within London must be identified and released for SEGRO's existing customers to relocate to and continue their business operations.

SEGRO look forward to working with the Mayor in identifying suitable future industrial locations which provide employment and assist in serving existing and new residential development.

Whilst SEGRO appreciate it is a highly controversial topic, if suitable brownfield sites cannot be identified for employment growth we are of the view that poorly performing parts of the Green Belt should be reviewed in order to encourage job growth and release more central London sites for housing.

'Housing and mixed-use land' (p22)

SEGRO fully supports the statement that:

'While recognising the need to promote economic growth, I know that the economy is changing and that we must use land intelligently – particularly in the context of a housing crisis that threatens the competitiveness of the city. In some areas, industrial land may be surplus to current needs and could be better used for housing. It may be possible to relocate industry to other areas of the city without disrupting the economy or eroding the critical base of industrial land. And it may be feasible for housing and industrial activity to co-exist in certain locations. We need to be creative in how we think about space and promote mixed-use activity.'

The recognition that industrial land may be surplus to requirements in some areas and could be better used for housing is acknowledged and the proposed co-existence of housing and industrial uses is both an innovative and creative direction which should be actively pursued within a modern city like London. In fact, SEGRO is already leading the way in this area through its partnership with Barratt London to develop the former Nestle site in Hayes. The site has been comprehensively master planned to create a scheme that will deliver up to 1400 residential dwellings, 230,000 sq. ft. of industrial space that will support 400 jobs and a range of community and open public space.

Impact of PDR

Whilst industrial sites must be released in the right circumstances, SEGRO's core business is industrial/commercial development. Reasonable protection and enhancement of core industrial heartlands is to be encouraged with reasonable evidence based triggers to release sites. In some instances the de-designation of commercial uses for residential under the guise of Permitted Development Rights can have a dramatic and negative impact on key industrial locations and the occupiers on site. Many of these occupiers require the flexibility to operate 24/7 to meet the demands of their customers that operate in a global city. Establishing new residential uses, close to the boundaries of existing industrial estates, can create major conflicts between the two uses. This is the case if little or no boundary or design consideration is given by the residential developer to mitigate the impact of living next to a vibrant industrial estate. Any hours of use restriction levied on an industrial site as a consequence of this will effectively reduce the attractiveness of the estate and could encourage gradual erosion of more industrial land.

We would encourage the London Plan to include a policy which releases industrial sites through an evidence based approach but which considers the 'creep' effect of unrestricted sprawl if there are no barriers or boundary considerations between sites. If there is a likely impact on industrial sites there should be a masterplan/supplementary development document (SPD) process which considers wider impacts and plans properly.

SEGRO agree that in the right locations and with careful consideration, housing and commercial activity can co-exist. With the growth of e-commerce, retailers and their delivery partners need to reconfigure their supply chain. New residential development will increase the need for rapid delivery for the 'last mile' service. This only heightens the importance of locating industrial development 'amongst' or 'close by' densely populated urban areas.

SEGRO is looking to lead the way in creating mixed-use development and as well as the Nestle site, is looking at various options for making mixed-use development viable and deliverable. On smaller sites (circa 8 acres), which involves building residential dwellings above an industrial scheme. Whilst this presents a number of challenges to ensure that neither the industrial or residential uses are compromised, SEGRO believe that through innovative and good design there is scope to develop such schemes in partnership with residential developers.

With the rate of industrial land lost to other uses a cause for concern, SEGRO is also working on the development of multi-storey industrial schemes.

SEGRO is already engaged with GLA officers on this challenge to considering the possibilities of double stacking commercial/industrial uses to free up land for residential. This type of offer is only likely to work in highly accessible locations as pressure on the highways network increases.

SEGRO are also exploring wholly mixed-use solutions where the uses are part of the same development with careful considerations to parking and service arrangements. Critical to SEGRO's work is to find a solution whereby neither the commercial or residential uses are compromised by co-existing. This brings new and complicated challenges which would require flexibility in the London Plan and through future CIL/MCIL2 requirements to ensure innovation is not stifled.

'Low-carbon economy' (p57)

SEGRO support the Mayor's ambition to adapt and become lower carbon. SEGRO is always looking at improving technology in order to reduce the impact on the environment. The company is renowned for building London's first BREEAM Outstanding industrial building for Rolls Royce's On-wing care facility at Heathrow.

'Road transport and buildings emissions' (p58)

'Road transport has a significant impact on air quality, accounting for around half of NOx emissions – and diesel vehicles are responsible for a large proportion of those emissions. I propose introducing an emissions surcharge (or 'Toxicity Charge') in 2017 for high-polluting older vehicles in central London (payable on top of the Congestion Charge). I am developing proposals to introduce the central-London Ultra-Low Emission Zone (ULEZ)⁸ in 2019 (a year earlier than planned) and potentially enlarging the area it covers, up to the North and South Circular Roads for all vehicles, and London wide for the most polluting heavy vehicles. I am currently consulting on these plans, the first step in the rigorous process involved in tackling the city's filthy air.'

Due to the very nature of logistics operations, the sector is often criticised in regards to congestion and associated environmental impacts. However, the sector has been quick to innovate. Evidence demonstrates that the sector is reducing emissions year on year and is responsible for only a very small proportion of the overall total emissions in London.

Logistics sector operators demonstrate a number of proactive and innovative responses to environmental challenges through building efficiency and adoption of new technologies in delivery fleets. As the sector continues to grow, solutions could be rolled out more widely. The government, both local and national, can play a greater role in supporting the industry to continue to adapt and adopt these solutions.

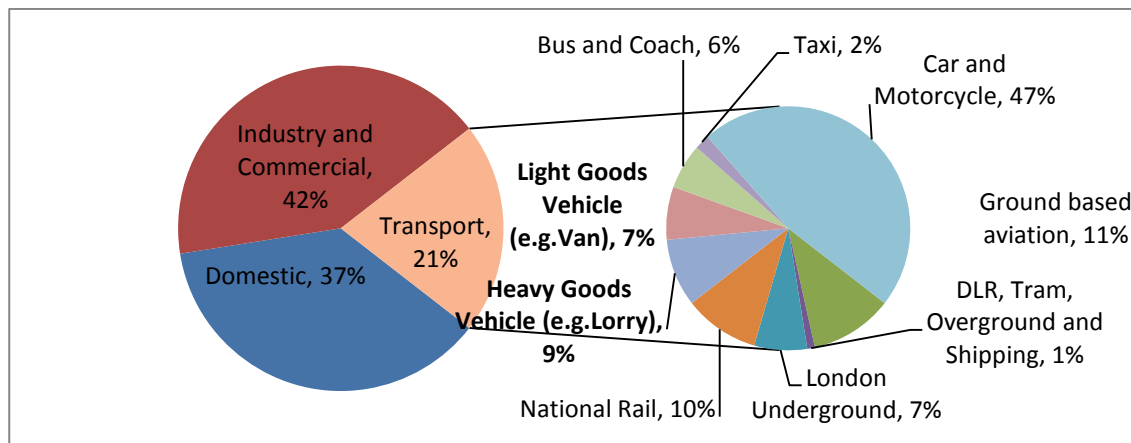
Innovations such as roll out of consolidation centres, Last Mile Logistics or Ultra-Low Emission Vehicles or more simple measures like the retiming of deliveries and those discussed below, can be further supported through new planning policy by ensuring there is sufficient industrial land available in proximity to urban concentrations, which in turn means there will be less need for longer journey distances for the last mile component of the delivery supply chain. This will not only reduce vehicle miles overall and therefore congestion but will also make Electric Vehicles more feasible for a wider range of operators.

In relation to the source of CO₂ emissions in London the following graphs, from the Mayor's Transport Emissions Roadmap (2014) demonstrate that while transportation is a contributor to London's overall

CO₂ emissions (21%), it is responsible for fewer emissions than that of the domestic sector which produces approximately 37% of emissions.⁵

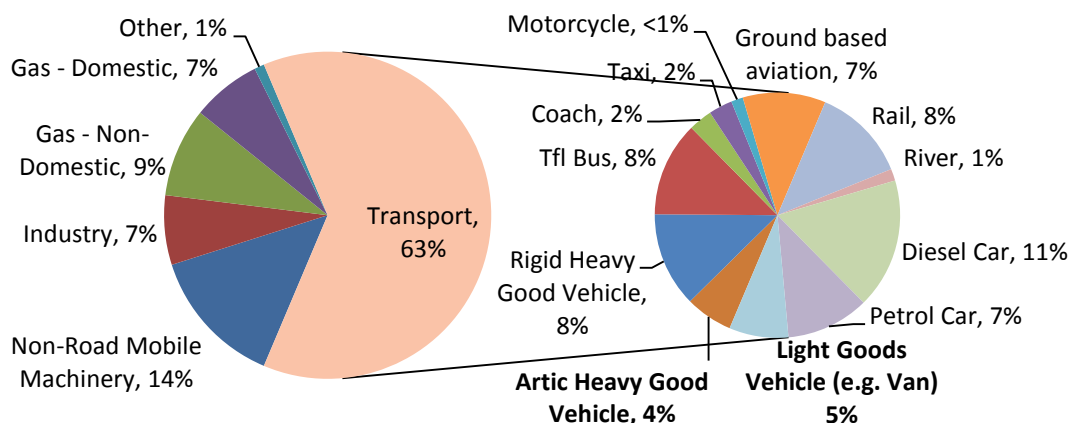
The graph on the below demonstrates that HGVs and LGVs are jointly responsible for 16% of total transport related emissions. This means that collectively these commercial vehicles are the source of less than 4% of total carbon emissions in London.

Figure 1.1: Co2 Emissions in Greater London



Source: GLA Transport Emissions Roadmap (2014)

In relation to Nitrous Oxide (NO_x) emissions, the figures draw a similar picture. The set of graphs below show the emissions of NO_x within London. Transport accounts for approximately 63% of total NO_x emissions in the capital. HGV and LGV are responsible for 17% of these emissions or less than 10% of London's total NO_x.



⁵ GLA (September 2014) Transport Emissions Roadmap

Conclusions

The Mayor recognises the need to use land intelligently; particularly in the face of the housing crisis. He refers to the fact that in some cases industrial land may be better used for housing where it is surplus to market requirements or where industrial uses could be relocated to other parts of the city without disrupting the economy or eroding the critical base of industrial land (page 22).

SEGRO emphasises the importance of protecting the critical base of industrial land, but also acknowledges that over time industrial user requirements and other land use needs may change. New planning policy documents should give careful thought to this in order to ensure that land use allocations support changing market conditions and can enable changing patterns of land use.

For example, SEGRO has been promoting the relaxation of policies that seek to narrowly define the range of industrial uses that may be acceptable at the London Sustainable Industries Park (part of its East+ portfolio), in Barking and Dagenham, to enable it to serve a broader range of B2 and B8 occupiers. This will enable it to support businesses and markets in the east London area, including urban logistics, and enable the potential relocation of B2 and B8 uses to the site, including from the wider London Riverside Opportunity Area, releasing land that is more suitable for housing. SEGRO has made representations to the London Riverside Opportunity Area Planning Framework (April 2015) and London Borough of Barking and Dagenham Local Plan (November 2015) to encourage this approach.

SEGRO consider that the assessment of industrial sites, their ability to continue to function for such purposes, the appropriateness of mixed-use developments and the need for alternative relocation are issues which need to be carefully addressed within any future policy direction to ensure the vitality and viability of London is not adversely affected.

SEGRO does not oppose the release of surplus industrial land for other uses but would stress that this must be on sites that are genuinely not functioning as industrial sites and have no reasonable prospect of doing so in the future unless there is a wider decanting strategy in place which could be cross-Borough.

There is a careful balance to be struck between the additional pressure for housing and loss of industrial land and future policy must recognise the wider impact of the loss of industrial land in London, with respect to economic and social functioning, if there is not a requirement to seek re-provision for displaced industrial uses.

In simple terms, any new policy must recognise the need for re-provision if surplus land is to be released for alternative uses.

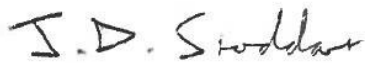
Such re-provision would need a truly London-wide focus as opposed to consideration at a Borough by Borough level. The provision and functioning of industrial land is a London wide issue and policy must recognise that loss of industrial land in one Borough could be balanced by re-provision in another.

As one of the largest industrial land holders in London, SEGRO is acutely aware of the pressures facing industrial assets within the City and would further stress the need for future policy to expand on the principles set out in the vision document to seek creative and innovative ways to intensify existing industrial land whilst simultaneously helping to meet the additional and competing needs of London.

SEGRO is currently undertaking a significant amount of research into multi-level industrial uses to see how such innovations can free up land whilst maintaining the industrial focus of sites. The company already owns and managed the only multi-storey industrial building in London and is building a 200,000 sq. ft. a next-generation facility in Munich. SEGRO is also working with Barratt London to deliver the first mixed use industrial residential scheme at the former Nestle factory in Hayes. Future policy must be embrace and encourage this innovative approach and SEGRO would welcome the opportunity to engage in this process to help guide the future policy direction.

We trust that these representations are clear and very much look forward to further engaging in a meaningful way to help shape future policy.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'J.D. Stoddart'.

JONATHAN STODDART
SENIOR DIRECTOR – PLANNING