

Pope's Road, Brixton: Economic Impact Assessment

AG Hondo Pope's Road BV

A report by Volterra Partners, March 2020

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CONSTRUCTION PHASE



The construction phase will support an average of **440 jobs** onsite over a 3.3-year period

12% of construction workers are likely to commute from within London, equating to **55 jobs** annually

Construction workers are expected to support **a total of £2.3m** of spending in the local area

OPERATIONAL PHASE



1,850

jobs upon completion, equal to 1,600 FTEs

1,800 additional jobs



on-site, when compared to the currently existing development.

The Proposed Development will support **2,300 net additional jobs** across London once displacement, multiplier impacts, and induced employment are accounted for.



£2.9m

worker expenditure in the local area each year



£182m

additional annual GVA supported by new workforce



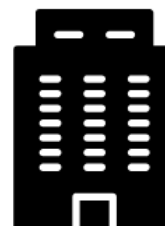
£2.3m

additional annual business rates paid

THE NEED FOR OFFICE



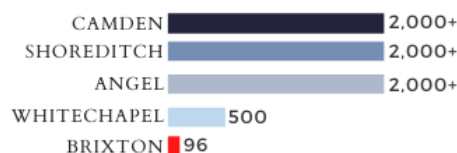
Large deficiency of office stock within the borough, which lost 116,000sqm over 2007-2017.



SME BUSINESS GROWTH 2014-19



OFFICE AVAILABILITY (SQM)



LACK OF OFFICE SUPPLY INCREASES RENTAL VALUES, **FORCING SMES TO LOCATE ELSEWHERE**. LBL RISKS LOSING ITS COMPETITIVENESS AS AN EMPLOYMENT LOCATION, **HINDERING ECONOMIC GROWTH**



26,000sqm of additional GIA office space, equal to **16%** of the office floorspace target for borough, delivering **1,675 office jobs**

THE NEED FOR MARKET

BRIXTON MARKET HAS STRONG ROOTS IN THE LOCAL COMMUNITY



Markets generate footfall increases of **25%** for town centres



46% of existing Brixton market tenants want to expand in next 2 years, **56%** of these want to within the market

Rental values & vacancy rates in Brixton outperforming London averages



Demand for market space is high



Need for additional market provision

41% growth in businesses in Brixton since 2012

Brixton **below London average** of 22 start-ups per 1,000 residents



45 new A1/A3 (50:50) flexible market units, including **publicly accessible open space**

1 Executive Summary

- 1.1 Volterra Partners has been commissioned by AG Hondo Pope's Road BV ('the Applicant') to provide an economic impact assessment for an office-led mixed-use development at Pope's Road in Brixton, within the London Borough of Lambeth (LBL). The Proposed Development would include retail and market space provisions at ground & first floor levels (with flexible publicly accessible open space (PAOS) for a range of uses such as retail, food and beverage, and performance and event space facilities), along with B1 and D use class floorspace for the remainder, incorporating affordable and flexible workspace. The full description of development is below:

"Demolition of the existing building and erection of a part G + 19, part G + 8 storey building comprising flexible A1/A3/B1/D1/D2 uses at basement, ground and first floor, with restaurant (A3) use on floor 8 and B1 accommodation on floors 2 to 19, with plant enclosures at roof level, and associated cycle parking, servicing and all necessary enabling works."

Relevant Policy

- 1.2 LBL's current adopted Local Plan (2015), in addition to the Draft Revised Local Plan (proposed submission version January 2020), provide an outline of the challenges that are currently faced by the borough, including achieving economic prosperity and opportunity for all, providing essential infrastructure, and creating and maintaining attractive and distinctive places.^{1, 2} In the Draft Local Plan, Policy ED1 focuses on B1a offices, with the policy stating that *"proposals for large offices will be supported in the Central Activities Zone, Vauxhall and Waterloo London Plan Opportunity Areas and Brixton and Streatham major town centres."* The protection and increase of office floorspace stock in LBL is required to support new investment and economic growth in the borough. This economic impact report singles out how the local and regional economies will be positively affected economically through the addition of suitable jobs, uplifts in spending, and additional GVA, as well as many other measures, that will arise as a result of the office-led Proposed Development.
- 1.3 In addition to the economic impacts created by the scheme, LBL's Employment and Skills SPD outlines a series of obligations and commitments that large developments must abide by, including a local jobs commitment, apprenticeship targets, and monetary contributions.³ These will be addressed by the Proposed Development; refer to the **Employment and Skills Strategy** submitted as part of the planning application for more information.
- 1.4 Brixton in particular is often cited within the current LBL Local Plan with reference to its markets and cultural diversity.⁴ Some key issues facing Brixton are the need to support local businesses, improve permeability, and ensure that local people benefit from these changes. The Need for Markets Section of this economic report outlines the importance of the Brixton Markets to the local community, including reasoning for the significance of additional market provision, something which the Proposed

¹ Lambeth Council, 2015. Lambeth Local Plan

² Lambeth Council, 2020. Draft Revised Lambeth Local Plan – proposed submission version.

³ Lambeth Council, 2018. Employment and Skills Supplementary Planning Document

⁴ Lambeth Council, 2015. Lambeth Local Plan

Development addresses. Additional market provision is also mentioned within the Brixton Economic Action Plan to accommodate growth, specifically citing additional economic growth through new office space and building on the current amenity offer.⁵

Construction impacts

Construction of the Proposed Development is expected to support an average of 440 workers on site over the 3.3-year construction period. These workers will spend an estimated £2.3m in the local economy.

- 1.5 The Proposed Development would provide a significant uplift of economic activity in one of the most economically deprived locations within LBL. The construction phase of the development would generate 440 jobs annually on-site across the 3.3-year construction period, equivalent to c. 145 Full Time Equivalent (FTE) jobs across the entire period.
- 1.6 Construction workers are expected to support spending of £2.3m in the local area over the course of the construction period, equivalent to £695,000 per year.

Operational impacts

Once operational, the Proposed Development is expected to support approximately 1,850 jobs directly on site, equivalent to 1,600 FTEs.

- 1.7 The jobs provided at the Proposed Development will be split between those supported by office space, those supported by retail space, those supplied through the provision of a restaurant, and jobs created by the provision of leisure space. The Proposed Development is expected to accommodate c.1,600 gross FTEs, split more specifically by 1,475 office workers, 105 retail workers, 20 restaurant workers, and 10 leisure workers.
- 1.8 In contrast, the existing site – which comprises of solely retail (A1) class floorspace, supports a total of 35 FTEs, equivalent to 50 jobs. This means the Proposed Development would create an uplift in employment of 1,550 FTEs or 1,800 jobs. This equates to a 3,600% increase compared to the jobs currently supported on-site.

Workers are expected to spend an estimated £2.9m in the local area each year, of which £2.8m will be additional to the spending currently supported by the existing workers on site.

- 1.9 Total worker expenditure from the site when operational is estimated to be £2.9m each year in the local area, providing further stimulus to the local economy.

The Proposed Development would support an estimated 2,300 net additional jobs, equivalent to 2,000 FTEs, once displacement, multiplier and leakage effects are taken into account.

- 1.10 Any assessment of the net impact of a development must consider displacement (the proportion of new jobs that would have occurred elsewhere without the Proposed Development) and multiplier impacts (further indirect benefits linked to worker expenditure and the supply chain). Taking these into account, the scheme is expected

⁵ Lambeth Council, 2017. Brixton Economic Action Plan

to support up to 2,000 *net additional* FTEs, equivalent to 2,300 jobs.⁶ Taking workers places of residence into account ('leakage'), it is anticipated that 1,800 of these net additional jobs would go to London residents.

The Proposed Development would support an uplift of £182m in annual Gross Value Added (GVA). It is expected to result in additional tax revenues of up to £74m, including an uplift of at least £2.3m in annual business rates contributions.

- 1.11 Overall, the Proposed Development is estimated to account for £185 million of total economic activity, providing an uplift of £182 million in GVA terms when compared to the existing site.

The Need for Office Space in LBL

LBL is important to the London economy, accommodating 4% of its employment (160,000 jobs), and contributing £12.4bn in GVA. Despite LBL's economic importance, its growth has been tempered in recent years.

- 1.12 From 2009 to 2018, employment in LBL has been increasing at a slower rate (22%) than employment in London (24%) & Inner London (30%) as a whole. Over the same period, total office employment in LBL increased by just 20%, significantly below the Inner London average of 37%.

A significant undersupply of office space in LBL & Brixton may be one of the main causes of this poor employment growth performance.

- 1.13 The undersupply of office space has manifested in low vacancy rates and high rental prices. This combination has the potential to price businesses out of the area and deter new ones – in particular small and medium sized enterprises (SMEs) – from moving in. This mismatch between supply and demand has had the knock-on impact of increasing rental values, meaning that businesses are forced to locate elsewhere in London. This situation is a concern for LBL as it risks losing its competitiveness as an employment location, which will ultimately restrict future economic growth.
- 1.14 Evidence suggests that SMEs have been deterred from locating in the area due to a lack of available space and high rental values. Between 2014 and 2019, there was an 8% decrease in the number of SMEs located in LBL – this compares to an increase of 30% across London and is lower than the average for England as a whole (21%).
- 1.15 In the Brixton area in particular, a low availability of commercial office space is recognised as an increasing concern that needs addressing, with additional office space explicitly mentioned as an 'area for action' moving forward in the Brixton Economic Action Plan. Brixton is a central hub of activity, but office space was extremely low in 2015 at less than 100sqm, compared to over 2,000sqm in Angel, Shoreditch & Camden, illustrating need for employment space. More recent research carried out by Impact Brixton finds that available office space in Brixton is six times lower than the London average.⁷

⁶ These figures are net additional and hence take account of existing jobs, displacement and multiplier effects.

⁷ Impact Brixton, 2020. Introducing Impact Brixton: A new coworking space for Brixton Village.

The Proposed Development will provide office workspace suitable for SMEs, and particularly those in the creative industries.

- 1.16 The Proposed Development will contribute to securing greater provision of office space suitable for SMEs, aid in meeting the city's requirement for affordable workspace, and attract domestic and international visitors to the local area – all of which stimulate the local economy.
- 1.17 In addition to the workspace specifically targeting local businesses in the creative industry, the workspace will be designed as business 'incubator' operations, which will be flexible and hence able to accommodate small businesses of different sizes, allowing local businesses to develop and flourish within LBL.

The Need for Market Space

Historically, Brixton Market has had strong roots in the local community.

- 1.18 There have been recent investments in Brixton Market, notably investment from London's High Street Fund to regenerate the markets. The revamp was conducted whilst respecting the local sensitivities to Brixton Market along with maintaining individuality and access.

The importance of Brixton market has been increasingly recognized over the past decade, adding to Brixton's sense of place.

- 1.19 Markets have positive effects on town centres, increasing tourism number and footfall (25% for town centres).

There are 4,000 extra people working in Brixton than there were in 2012, and Brixton is not currently meeting its potential for entrepreneurial ventures.

- 1.20 The 4,000 extra people working at Brixton Market when compared to 7 years ago demonstrates a differential need for more workspace and flexible incubator/accelerator workspace in the local area.

- 1.21 Brixton Perspectives was a primary research report undertaken by Hatch Regeneris in 2018 to understand the views of the current market tenants in Brixton Market and other community groups/stakeholders, and to gather information on business profile to inform targeted future planning.⁸ Of the market tenant respondents from the survey, 46% want to expand space requirements, whilst 56% of these people want to expand within Brixton Market, further evidencing a need for additional market space.

The strong cultural and heritage values of Brixton Market are important to the local community and must be respected going forwards.

- 1.22 The Applicant will look to continue to improve the markets and boost footfall, develop a clear approach to supporting existing tenants and ensuring benefits and contained to the local community, acknowledge the changing demographic of the borough, provide flexible floorspace and enhance the physical environment of the market, all whilst recognising the key sensitivities in the area (related to gentrification).

⁸ Hatch Regeneris, December 2018. Brixton Market: Brixton Perspectives.

Wider Impacts

Based on Census commuting patterns, it is estimated that c. 290 jobs at the Proposed Development will go to local LBL residents once operational.

- 1.23 Not only would the Proposed Development provide job opportunities for local residents, but many of these jobs opportunities that will be provided are in line with those that unemployed LBL residents are currently seeking.

The benefits of the Applicant's investment are not limited to the Proposed Development itself but have the potential to reach beyond its boundary and into the surrounding local area.

- 1.24 The arrival of the Proposed Development into the local area will make the area more attractive, offering future investors into the area encouragement that they will generate a positive return, and acting as a potential catalyst for future investment.

The Proposed Development and its associated economic benefits may contribute to lowering deprivation in the income, employment, and living environment sub-domains, in which the local area ranks poorly.

- 1.25 The Proposed Development is located within an area of relatively high deprivation, with the surrounding lower super output areas (LSOAs) falling within the 20% most deprived nationally. The ward containing the Proposed Development (Coldharbour) was amongst the most deprived wards in terms of income deprivation, employment deprivation and barriers to housing and services. Given the deprivation present, regenerative impacts from the Proposed Development would be particularly significant in enhancing the local environment.

- 1.26 The 1,600 FTEs created at the site of the Proposed Development once operational will be based in an area of relative economic deprivation, addressing the target of increasing labour market participation with the direct creation of employment.

The Proposed Development will provide significant enhancements to the public realm in the local area, with issues surrounding permeability being an important consideration here.

- 1.27 There is a lack of connectivity currently through and onto the site, with dead ends through Brixton Village and lack of access from other roads. Improving the public realm surrounding the site will improve the footfall in the local area.

2 Introduction

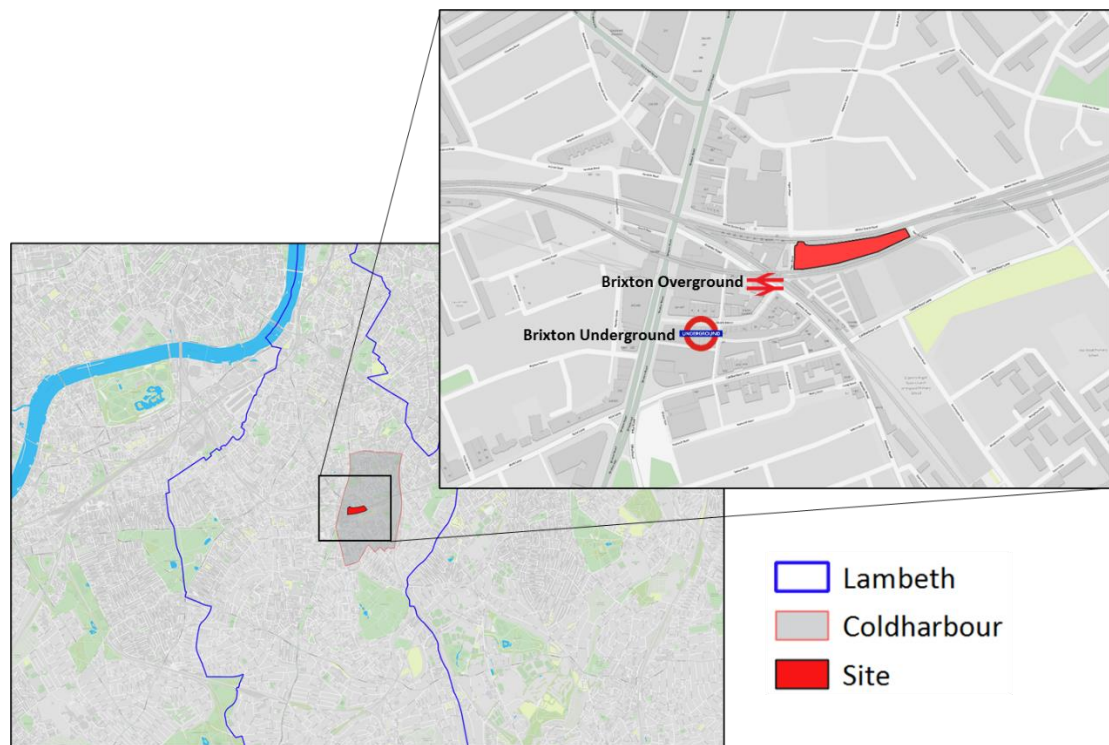
- 2.1 This report provides an assessment of the socio-economic impacts of AG Hondo Pope's Road BV ('the Applicant') office-led proposal ('the Proposed Development') to redevelop a site in Brixton on Pope's Road, within the London Borough of Lambeth ('LBL'). The scheme will be an office-led development, comprising of 20-storeys ('Ground + 19') and 9-storeys ('Ground + 8') in two adjacent buildings. B1 office space will be provided at floors 2 to 19, with flexible floorspace provision (A1/A3/B1/D1/D2 uses) provided at the ground and first floor levels, acting as an extension to the existing Brixton Market. In the other building, a publicly accessible restaurant will be provided on the 8th floor. The total Gross Internal Area (GIA) of the Proposed Development will amount to 29,002m², of which 25,445m² GIA will be B1 floorspace. More specifically, the application is for the following development:

“Demolition of the existing building and erection of a part G + 19, part G + 8 storey building comprising flexible A1/A3/B1/D1/D2 uses at basement, ground and first floor, with restaurant (A3) use on floor 8 and B1 accommodation on floors 2 to 19, with plant enclosures at roof level, and associated cycle parking, servicing and all necessary enabling works. .”

- 2.2 The site of the Proposed Development is situated within the heart of Brixton Market, which can be accessed by either Atlantic Road or Pope's Road. The lack of current connectivity means that the site cannot be accessed through Brixton Village, or Brixton Station Road. The site in the context of the local area and in LBL and Brixton is shown in **Figure 1**.
- 2.3 The site is highly accessible by public transport, judged to have a Public Transport Accessibility Rating (PTAL) of 6b – the highest rating that can be achieved due to its close proximity to a major over ground & underground station. The PTAL scale is a measure defined by the Transport for London (TfL) that determines the access level of geographic areas to public transport. Brixton Underground station is located <0.1 miles to the south-west, providing access to the well-connected Victoria underground line. Moreover, Brixton has been identified in the Intend to Publish London Plan⁹ as one of 35 major centres in Greater London, highlighting its importance to London, both culturally and economically.

⁹ Mayor of London, 2019. London Plan – Intend to Publish Edition

Figure 1: Site context for the Proposed Development



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- 2.4 The existing site consists of Sports Direct & Flannels, comprising solely of retail (A1) space. Currently, the space and the area are not as well connected to the rest of Brixton Market with a visibly poor entrance to the market, and the existing site is considered to be of relatively poor quality, not currently containing a high-quality public realm offer. Furthermore, there is a dead end at Brixton Village within the site, and a lack of density in a central location of London that has potential for densification which would improve its commercial attractiveness. The Proposed Development drastically increases connectivity within the central Brixton area, as shown in **Figure 2**.

Figure 2: Improving connectivity



Source: Hondo Enterprises & Adjaye Associates

2.5 It is the intention of the Applicant to provide a range of public benefits as part of the Proposed Development, including:

- Central publicly accessible open space (PAOS) which could host a range of uses, including use as a market food court, event and community space, and possible exhibition space (allowing access to the community free of charge);
- Improving the flexibility of market streets, allowing for multiple possibility uses such as additional street markets or external seating areas, including improved pedestrian permeability and throughput;
- Additional floors of market & retail provision to allow for extra business owners and increased entrepreneurialism within the area, increasing employment levels;
- Flexible workspace targeted at the local creative industries, with incubator space designed to accommodate small businesses;
- Replacing and doubling the number of public toilets on-site, which are free to use;
- A publicly accessible rooftop restaurant experience for Brixton residents;
- Facilitating the provision of a new public square and Brixton Station;
- Creating safer neighbourhoods and natural surveillance to improve levels of safety for local residents; and
- Supporting local employment opportunities by complying with LBL Local Jobs targets.

2.6 This assessment focuses on the context of the Proposed Development within the surrounding local area and provides an estimate of the socio-economic impacts that will occur as a result of the scheme. The report is split into the following sections:

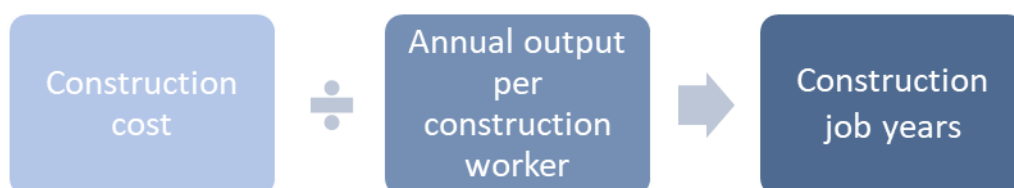
- **Construction Impacts:** estimates the economic impacts that will occur throughout the construction period of the Proposed Development, using standard accepted methodology.
- **Operational Impacts:** estimates the additional economic impacts that will occur during the operational phase of the Proposed Development, against a baseline of economic activity that is currently occurring on site. This section uses standard accepted methodology, drawing on data from the Office of National Statistics and utilising the Homes and Communities Agency Employment Densities Guidance¹⁰. The remainder of this section will first estimate financial impacts (expenditure, GVA, taxation revenues etc.) and then discuss the contribution that the Proposed Development will make to the requirement for additional commercial floorspace that is currently being experienced both across London and within the local area.
- **The Need for Office Space:** discusses the need for a variety of office floorspace in both the LBL and local area, which will allow local small businesses to expand as per their needs, and shows how the Proposed Development will contribute to this need, fulfilling LBL & Brixton targets.
- **The Need for Market Space:** assesses the history of the Brixton markets and how they have changed over time, as well as what will need to be adapted and added moving forward in the future, before explaining how the Proposed Development will continue to help the markets thrive.
- **Wider Impacts:** explores the beneficial impacts that the Proposed Development will have for both local residents and local community groups, through the provision of community space at the Proposed Development, as well as employment and skills opportunities for local residents. The final parts in this section look into catalytic impacts resulting from the Development, as well as improvement of the local public realm offering.

¹⁰ Homes & Communities Agency, 2015. Employment Densities Guide: third edition

3 Construction Impacts

- 3.1 The construction phase of the Proposed Development is expected to result in increased economic activity through the construction employment that is generated. Volterra's standard method of estimating the number of construction workers on-site during the construction phase is to divide the expected construction cost of the development by the Gross Value Added (GVA) of the average construction worker (annual output). The GVA per construction worker in the LBL is estimated to be £80,000 in 2018¹¹, the latest date for which data is available.

Figure 3: Methodology for estimating construction jobs



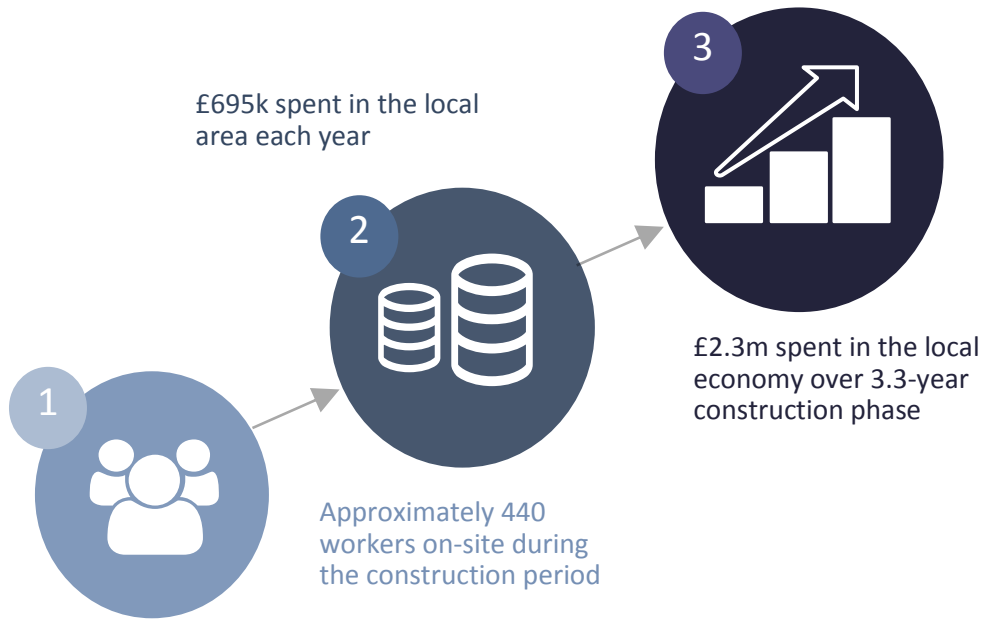
- 3.2 Through use of this method, it is estimated that the construction phase of the Proposed Development will create c. 1,450 gross job years over the total demolition and construction period of 170 weeks, **equivalent to approximately 440 workers on site annually over the construction period**. In the context of London's construction workforce, the 440 workers on site per year would account for c. 8% of LBL's total construction workforce in 2018, but only 0.2% of the total construction workforce in London.¹²
- 3.3 Alternatively, it is standard to present construction employment figures as full time equivalents (FTEs), on the assumption that 10 construction jobs years is equivalent to one construction FTE job. **The construction of the Proposed Development would therefore be expected to support a total of c. 145 FTEs.**
- 3.4 Typically, construction workers are one of the most mobile sectors of the workforce, travelling to wherever the work is. As a result, construction benefits are not generally viewed as having large local impacts. Whilst the beneficial employment effects from construction activity do not normally tend to be particularly local, their expenditure does have a local impact. It is expected that the **construction workers will spend c. £2.3m in the local area over the duration of the construction period, equivalent to annual spending of c. £695,000**¹³. Typical expenditure in the local area before, during and after work can be on things such as food and beverages (e.g. lunch), after work activities and retail shopping at nearby stores.

¹¹ ONS, 2018. Regional gross value added (balanced) by industry; ONS, 2018. Business Register and Employment Survey

¹² ONS, 2018. Business register and Employment Survey.

¹³ Assuming 60% of workers spend £12.10 a day for 220 days a year. The £12.10 is based on a YouGov survey which found that UK workers spent £6 in the local area on average in 2005 – this has been uplifted to reflect earnings growth in the period to 2019 and the discrepancies between earnings in different industries & in London.

Figure 4: Summary of construction phase benefits



4 Operational Impacts

- 4.1 This section sets out the direct employment supported by the Proposed Development once operational, comparing it to the level of employment currently supported on-site in order to provide information about the uplift in jobs.

Existing employment on site

- 4.2 The existing site consists of c. 2,136m² (GIA) of retail (A1) class floorspace. Estimates of employment provided by the existing occupier (Sports Directs and Flannels) show that the existing site supports a total of 35 FTE employees, corresponding to 50 jobs when accounting for part time working patterns. For the remainder of the economic impact assessment, additional effects shall be calculated against the estimates presented here.

Proposed floorspace

- 4.3 **Table 1** below provides a breakdown of the proposed floorspace at the Proposed Development by use-class, given in both Gross Internal Area (GIA) and Net Internal Area (NIA) terms. As the table shows, the Proposed Development will provide a total of 25,982m² of Gross Internal Area (GIA) B1a-use class office floorspace (16,963m² NIA). The Proposed Development will also provide A1-use retail class floorspace and A3 restaurant space to the amount of 2,373m² GIA (2,179m² NIA), in addition to 647m² GIA (621m² NIA) of D1/D2-use floorspace provision.

Table 1: Breakdown of proposed floorspace

| Use | Gross Internal Area (m ²) | Net Internal Area (m ²) |
|---|---------------------------------------|-------------------------------------|
| Office (B1a) | 25,445 | 17,693 |
| Retail (A1) / Restaurant (A3) ¹⁴ | 2,910 | 2,179 |
| Leisure (D2) | 647 | 621 |
| Total Floorspace | 29,002 | 20,494 |

Source: Provided by the Applicant

- 4.4 To put this into context, the London Office Policy Review (LOPR)¹⁵ forecasts that LBL requires 160,000m² of additional office floorspace (GIA) over the period 2016-2041. The Proposed Development will therefore contribute c. 16% of this additional target, a significant contribution for a single scheme, helping to ensure that LBL has a sufficient supply of office stock to support future office employment growth in the borough.

Direct employment

- 4.5 **Table 2** presents the estimates for the gross direct employment supported by the Proposed Development. Estimates are calculated by applying employment densities

¹⁴ The restaurant on the eighth floor comprises 537m² GIA. The NIA for the restaurant is provided in Table 2.

¹⁵ Ramidus Consulting (on behalf of the GLA), 2017. London Office Policy Review

given by the HCA Density Guide¹⁶ to the proposed commercial floorspace (NIA or GIA dependent on the type of floorspace). Using this methodology, it is estimated that the **Proposed Development would support a total of c. 1,600 FTEs, corresponding to 1,850 jobs**. Comparing this to the existing employment estimate, **the Proposed Development would provide an employment uplift of approximately 1,550 FTEs (1,800 jobs)**.

Table 2: Gross direct employment at the Proposed Development

| Use class | Employment floorspace (m ² , NIA) | Employment density | FTEs | Jobs |
|---|--|--------------------|--------------|--------------|
| Office (B1) | 17,693 | 12 | 1,475 | 1,675 |
| Retail / Market (Flexible incl. A1/A3/B1/D1/D2) | 1,796 | 17.5 | 105 | 135 |
| Restaurant (A3) | 383 | 17.5 | 20 | 25 |
| Leisure (D2) | 647 (GIA) | 65 (GIA) | 10 | 10 |
| Total | 19,500 | - | 1,600 | 1,850 |
| Gross Additional | 18,000 | - | 1,550 | 1,800 |

Source: Volterra Calculations, 2020. NB: Figures may not sum due to rounding.

- 4.6 GLA Economics¹⁷ estimates that over the period 2016 to 2041, employment in London will rise at an annual average rate of 0.78%, equivalent to 49,000 additional jobs every year. Of this 49,000, 990 are anticipated to be in LBL, amounting to additional employment growth of 24,750 in the borough over the entire period. The Proposed Development will support 1,800 gross additional jobs on site, equivalent to two years' worth of forecast employment growth in LBL, or 7% of the total.

Expenditure

Worker expenditure

- 4.7 With a total uplift of 1,550 additional FTEs onsite at the Proposed Development, these additional workers will bring greater spending to the local area. A 2005 YouGov survey found that workers in the UK spent on average £6 a day in the local area around their place of work. This figure has been uplifted for earnings growth between 2005 and 2019, as well as for the higher average earnings of workers in London. Once the earnings differentials between different industries is also taken into account, it is estimated that the average worker on the site will spend approximately £14.10 per working day if they are an office worker, £9.20 per working day if they are a retail worker, £4.90 per working day if they are a restaurant worker, and £8.10 if they are a leisure worker (see **Table 3**)¹⁸.
- 4.8 Based on this estimate of daily worker expenditure, it is estimated that **employees at the Proposed Development will spend c. £2.9m each year in the local area surrounding the site**. This worker expenditure represents an uplift of £2.8m per year

¹⁶ Homes & Communities Agency, 2015. Employment Density Guide, 3rd Edition

¹⁷ GLA Economics, August 2017. London labour market projections 2017.

¹⁸ In addition, to ensure conservative estimates, it is assumed that only 60% of employed workers will spend these amounts over 220 working days per year.

when compared against the worker expenditure supported by current employees at the existing site.

- 4.9 A retail needs study for LBL estimated total convenience goods expenditure in 2012 to be £150m within Brixton, rising to £163m in 2020.¹⁹ In the same report, comparison goods expenditure in Brixton was estimated to be £118m in 2012, rising to £149m in 2020. In total, the sum of comparison and convenience goods expenditure is an estimated £312m in 2020, and so the £2.9m represents a c. 1% uplift in total worker expenditure in the area, proving to be significant for a single scheme.

Table 3: Worker expenditure

| | Number of workers (FTEs) | Average spend per working day | Total annual expenditure |
|---------------------------------|--------------------------|-------------------------------|--------------------------|
| Office workers | 1,475 | £14.10 | £2.7m |
| Retail/market workers | 105 | £9.20 | £125,000 |
| Restaurant workers | 20 | £4.90 | £14,000 |
| Leisure workers | 10 | £8.10 | £10,500 |
| Total worker expenditure | | | £2.9m |

Source: Volterra Calculations, 2020. NB: Figures may not sum due to rounding.

Total net additional employment

- 4.10 Previously, the analysis focused on estimating the *gross* direct jobs that would be created by the proposed Development. In order to consider the total *net* impact on employment as a result of the Proposed Development, the displacement and multiplier – indirect and induced jobs that will occur as a result of the scheme’s supply chain and worker expenditure – impacts must also be considered.
- 4.11 The Homes and Communities Agency (HCA) Additional Guide²⁰ provides a framework that allows for the estimation of the net additional impacts of a development. Through this method, both a displacement and a multiplier are applied to direct employment, both of which are defined in the box below. A ‘low’ displacement is applied in the context of London’s competitive office marketplace, with excess demand, continuing high rents, and strong employment growth forecast. A multiplier is applied to account for the effects of supply chain purchases by businesses at the Proposed Development, as well as the expenditure of workers directly employed on site.

¹⁹ NLP (on behalf of Lambeth Council), 2013. Retail and Town Centre Needs Assessment

²⁰ Homes and Communities Agency, 2014. Additionality Guide: Fourth Edition



Displacement

- The proportion of jobs that would otherwise have occurred elsewhere.
- The guidance provides a standard displacement rate of 25% for low levels of displacement.



The Multiplier Impact

- The indirect benefits to other sectors of indirectly boosting jobs in these other industries.
- Given that the study area is located close to central London, we expect the multiplier effects to be significant.
- The guidance provides a standard composite multiplier of 1.7 for high multiplier effects at a regional level.

4.12 Applying these two effects to the gross additional employment estimates yield the total net additional employment supported by the Proposed Development. When these are applied to the gross additional employment estimates it is calculated that **the Proposed Development will support a total of 2,000 net additional FTEs, corresponding to 2,300 jobs** when accounting for part-time working patterns. **Table 4** shows a summary of the total net additional employment supported by the Proposed Development.

Table 4: Total net additional employment

| | FTEs | Jobs |
|--|--------------|--------------|
| Gross additional employment | 1,600 | 1,850 |
| Net direct employment | 1,200 | 1,350 |
| Indirect and induced employment | 800 | 950 |
| Total net additional employment | 2,000 | 2,300 |
| Of which London residents | 1,600 | 1,800 |

Source: Volterra calculations, 2020. NB: Job estimates are rounded and may not sum.

4.13 Applying a London leakage rate of 21%²¹, as well as regional displacement and multiplier impacts that are outlined above, **it is estimated that 1,600 net additional FTEs will be taken by London residents, equivalent to 1,800 jobs**. The estimated total net additional jobs that would be created in London by the Proposed Development (1,800) would therefore contribute 4% to the forecast annual employment growth across London (49,000), which is a substantial contribution for a single scheme.

²¹ ONS, 2011, The Census – 21% of London’s workforce commuted from outside London.

Gross Value Added (GVA)

- 4.14 GVA is the additional value generated by economic activity. The GVA impact at a development can be calculated by multiplying the number of jobs in each sector by the annual GVA per job in that sector.
- 4.15 Any additional direct employment resulting from the Proposed Development would result in the generation of additional output or GVA. **Table 5** outlines the estimated total GVA produced by workers at the existing site compared to at the Proposed Development²². It is estimated that **the Proposed Development would create additional output in GVA terms of £182m per year.**

Table 5: Total annual additional GVA

| Industry | 2018 LBL GVA per worker ²³ | Existing site | Proposed Development | Additional |
|-------------------------------------|---------------------------------------|---------------|----------------------|--------------|
| (High-quality) Office ²⁴ | £105,000 | - | £178m | £178m |
| Retail | £43,000 | £2.1m | £5.8m | £3.7m |
| Restaurant | £28,000 | - | £0.6m | £0.6m |
| Leisure | £41,000 | - | £0.5m | £0.5m |
| Total | - | £2.1m | £185m | £182m |

Source: ONS, 2018. Regional gross value added (balanced) by industry; ONS, 2018. Business Register and Employment Survey. NB: Figures may not sum due to rounding.

- 4.16 This additional GVA created by the Proposed Development is equivalent to c. 1.5% of LBL's 2018 GVA, whereas the gross additional jobs on site are equivalent to 1.1% of LBL's current employment (158,000). This reflects the highly productive nature of the jobs that will be supported at the Proposed Development, with the majority of jobs being created in the higher productivity office sector.

Tax revenues

- 4.17 It is commonly assumed that 30-40% of total GDP accrues to HM Treasury in taxation (for example through business rates, VAT, corporation and income tax). Applying this to the GVA calculation, it is estimated that **the Proposed Development will result in additional tax revenues of between £55m - £74m.**

Business rates

- 4.18 Applying the average rateable value per sqm of office floorspace in the surrounding four-digit postcode area, as well as an estimated rateable value for retail/restaurant space, it is estimated that the **Proposed Development will pay a total of at least £2.4m in annual business rate payments**, equivalent to an uplift of at least £2.3m annually.
- 4.19 There is also an additional Crossrail business rate supplement, which is set at £0.02 per £1.00 of rateable value and must be paid by businesses with rateable values over £70,000. Based on the assumption that the office, the retail/restaurant and the leisure

²² ONS, 2018. Regional gross value added (balanced) by industry; ONS, 2018. Business Register and Employment Survey

²³ 2017 GVA used as this is the latest date for which data is available

²⁴ Due to a lack of information on the types of users that will be utilising the office floorspace at the Proposed Development, 'Office' here is defined more generally as the following sectors - information & communication, financial and insurance activities, real estate activities and business service activities (JKLMN).

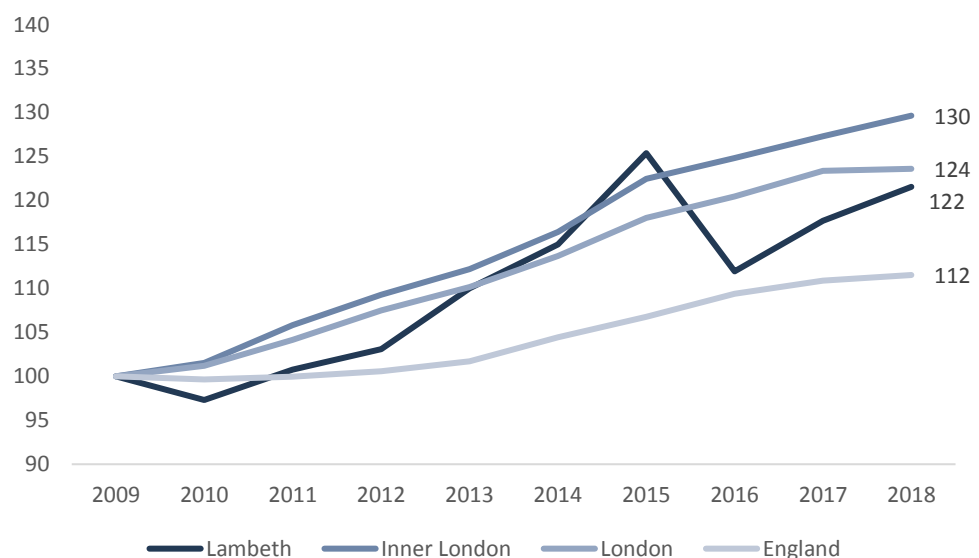
space will have a rateable value greater than this amount, it is anticipated that the Proposed Development will result in approximately £98,000 of annual Crossrail contributions.

5 The Need for Office Space

The economic importance of LBL

- 5.1 In 2018, LBL supported 158,000 jobs²⁵ and in 2018, the latest year for which data is available, LBL produced £12.4bn in GVA.²⁶ **LBL is the 9th largest borough in terms of employment within London, and is ranked 30th in England.** LBL supports 4% of London's employment, as well as 3% of London's total GVA, indicative that on average the productivity of a worker based in LBL is below the London average.
- 5.2 Between 2009 and 2018, however, employment in LBL has been increasing at a slower rate than employment in London and Inner London as a whole, as shown in **Figure 5**. LBL's employment grew by only 22% over the period, which is less than the regional average of 24% and Inner London's 30%.²⁷ Comparatively, the national average was 12% over the same period.

Figure 5: Index of employment (2009 = 100)



Source: ONS, 2018. Business Register and Employment Survey.

- 5.3 Evidence of slower growth is also found when analysing the growth in office-based employment²⁸ in LBL over the same time period (**Figure 6**). The area experienced the lowest growth of the four comparators with a sluggish 20% between 2009 and 2018, which is significantly below the London average of 33% and Inner London average of 37%. By comparison, it is also below the national average by four percentage points. This is an issue that needs to be addressed, as sustaining an appropriate level of employment growth in LBL is crucial to ensuring that London maintains its position as a world-leading city.

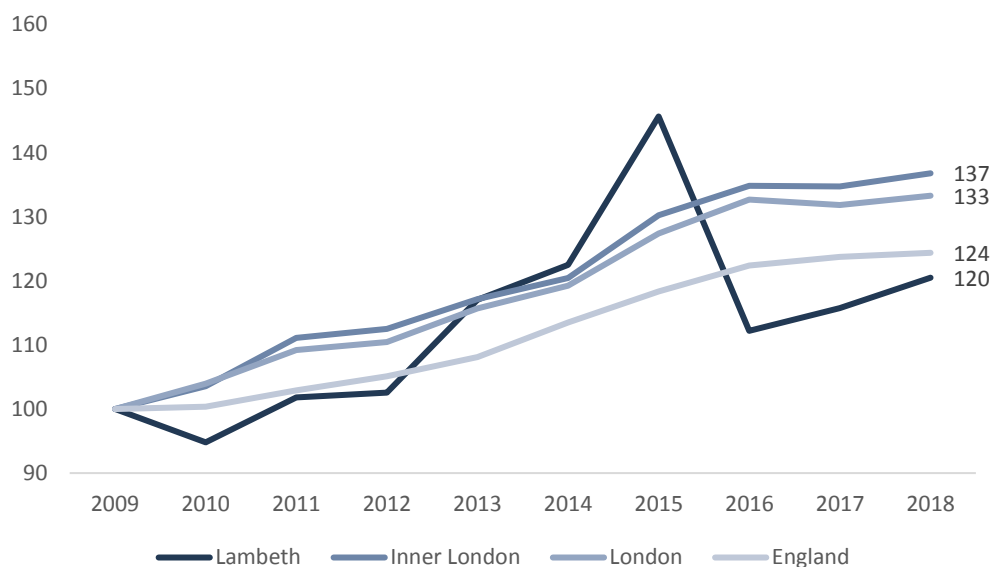
²⁵ ONS, 2018. Business Register and Employment Survey

²⁶ ONS, 2018. Regional gross value added (balanced) by industry

²⁷ Inner London is defined by ONS as being comprised of Camden, City of London, Hackney, Hammersmith and Fulham, Haringey, Islington, Kensington and Chelsea, LBL, Lewisham, Newham, Southwark, Tower Hamlets, Wandsworth and Westminster.

²⁸ Office employment is defined as that which falls under the SIC industry sections J, K, L, M, and N.

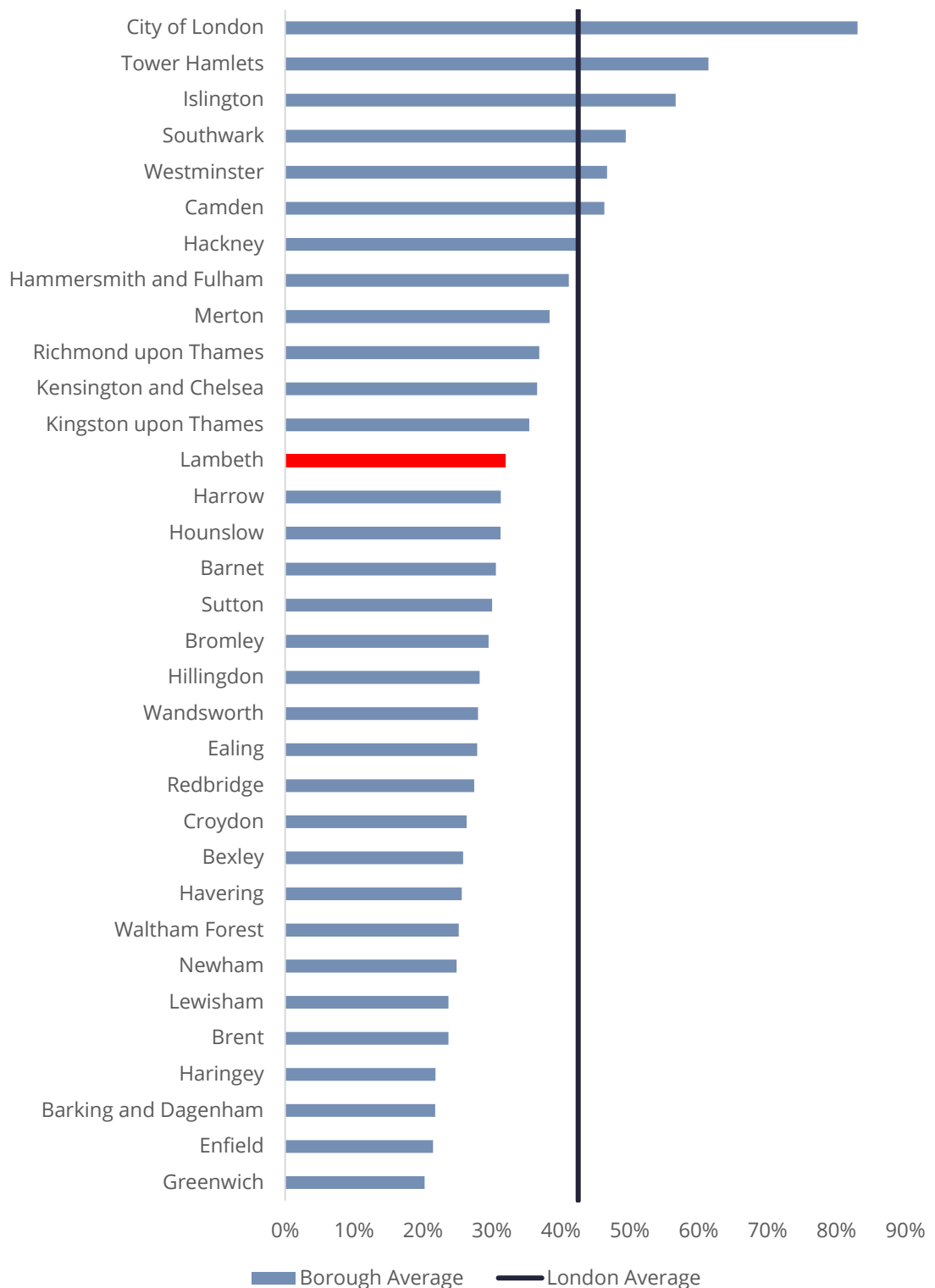
Figure 6: Index of Office-Based Employment (2009 = 100)



Source: ONS, 2018. Business Register and Employment Survey

- 5.4 It should be noted, however, that before 2015 the office employment growth trajectory in LBL was greater than any of the comparators, with a rise of over 40% over the period 2009-2015. Between 2015 and 2016, there was a significant fall in office employment in Lambeth, driven by a decrease of c. 10,000 jobs in the 'Business Administration & Support Services' sectors. The fall in employment in this sector was partially driven by the demolition of the Shell Centre in 2015 and hence employment that was supported within it.
- 5.5 In proportional terms, LBL has the 13th highest sectoral proportion of office jobs (%) of all London boroughs. As shown in **Figure 7**;, however, this still ranks below the average sectoral proportion of office employment across London, largely driven by dominant office sectors existing in areas of the city such the City of London, Tower Hamlets and Islington.

Figure 7: Proportion of employment in office-based professions

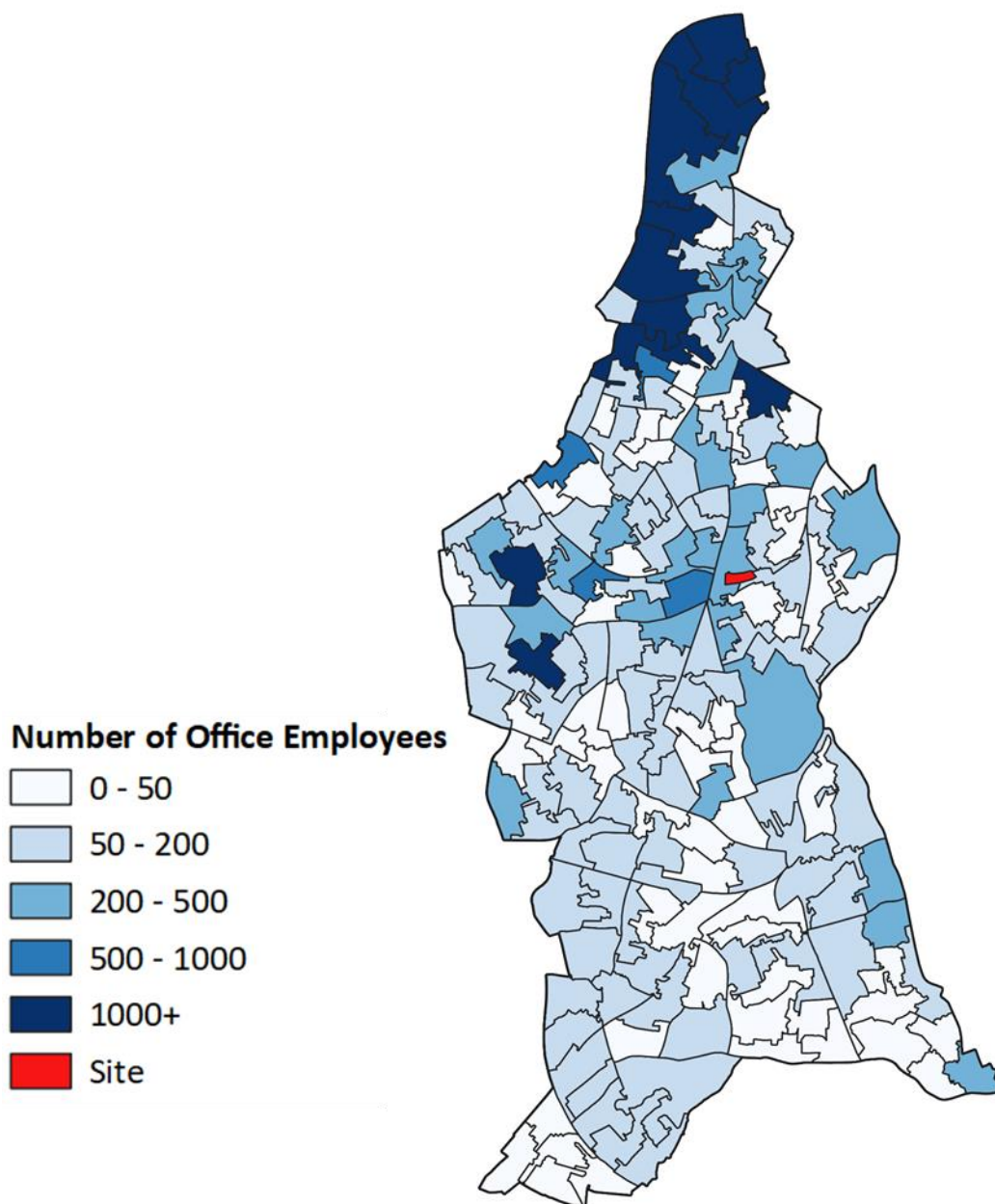


Source: ONS, 2018. Business Register and Employment Survey.

5.6 **Figure 8:** provides a more detailed breakdown of where office employment centres are located within LBL. As expected, the majority of office employment in LBL exists in the northern part of the borough, which is closer to central London and therefore more

likely to benefit from agglomeration economies. Whilst there are pockets of office-dense employment elsewhere in LBL, generally the map highlights the potential for office employment to be densified in the central parts of the borough as a result of future development.

Figure 8: Office employment by LSOA, 2018.



Source: ONS, 2018. Business Register and Employment Survey.

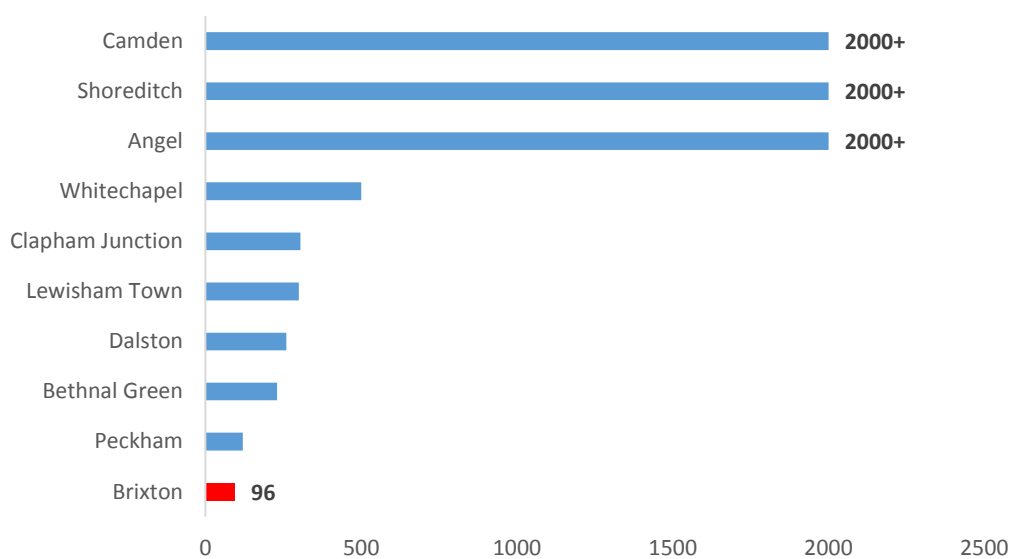
Historic trends in supply

- 5.7 One of the common arguments for the constrained growth in office employment in LBL, and in particular Brixton, is that there is a deficiency of office stock in the borough, which has resulted in low vacancy rates. A large proportion of losses in commercial floorspace are due to reductions in the stock of office (B1a) floorspace in the borough

in recent years. In a calculation of LBL Employment Floorspace for the Local Plan Review that was carried out in October 2017, the LBL council found that the borough had experienced a loss of B1a employment floorspace totalling 116,015m² in the period 2007-2017.

- 5.8 In the Brixton area, a low availability of commercial office space has been cited in Brixton’s Economic Action Plan as an increasing concern that needs addressing, with the addition of new office space being mentioned as an area for action moving forward.²⁹ Furthermore, evidence from Estates Gazette suggests that availability of office space in Brixton specifically was extremely low at less than 100 square meters in December 2015, compared to over 2,000 square meters in Angel, Shoreditch and Camden³⁰, illustrated by the insert in **Figure 9**. The shortage of office space is further described the local plan: “Lambeth needs to protect and increase its stock of office floorspace to support investment and economic growth”.³¹ More recent evidence provided by Impact Brixton³² suggests that the potential for business growth in Brixton has been severely hindered by the lack of available office space in the area, with availability on average six times lower than the London average.

Figure 9: Office availability in Brixton



Source: Estates Gazette

- 5.9 VOA floorspace statistics also show the loss in office stock over the period 2000-2016, with LBL one of 4 Inner London boroughs to suffer significant percentage change losses in stock.³³ This is displayed in **Figure 10**.

²⁹ LBL Council, 2017. Brixton Economic Action Plan 2017

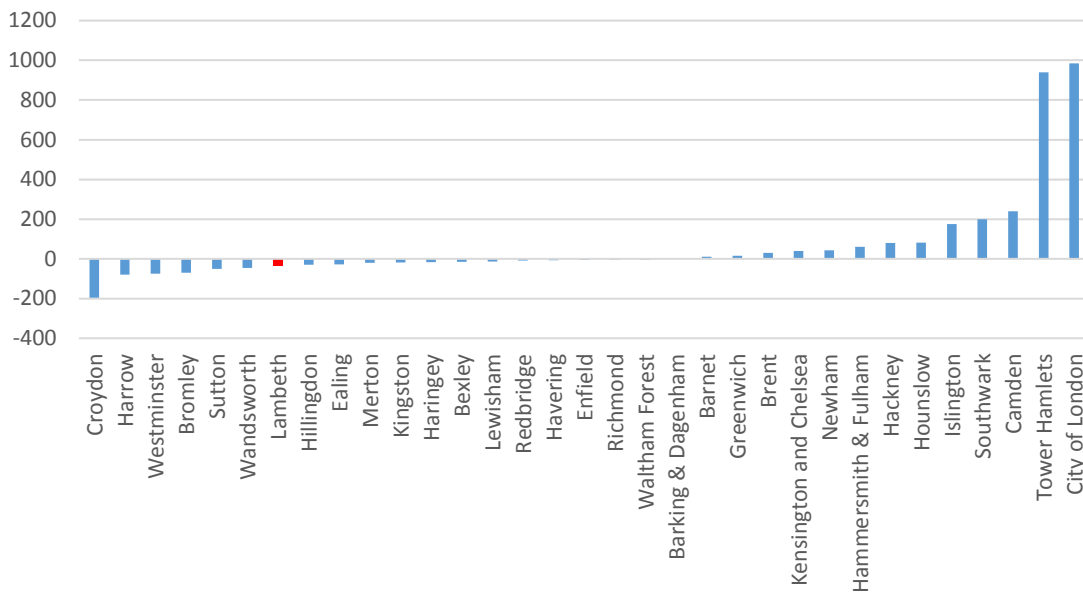
³⁰ Ibid

³¹ LBL Council, 2018. Draft Revised Lambeth Local Plan

³² Impact Brixton, 2020. Introducing Impact Brixton: a new coworking space for Brixton Village.

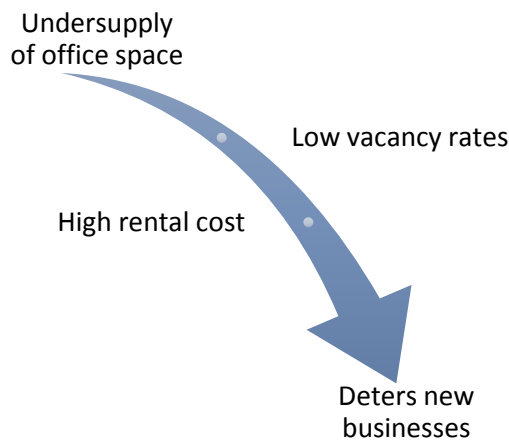
³³ VOA, 2016. Floorspace statistics.

Figure 10: Office stock loss by borough, 2000-2016, 000s sqm



Source: VOA, 2016. Floorspace statistics

5.10 The mismatch between supply and demand has had the knock-on impact of increasing rental values, meaning that businesses are forced to locate elsewhere in London. This situation is a concern for LBL as it risks losing its competitiveness as an employment location, which will ultimately restrict future economic growth. Availability of office space is seen as a crucial component of growth in allowing the natural churn of businesses when making investment and relocation decisions.



5.11 Crucially, office space in Brixton is coming under increasing pressure from permitted development rights, and with the office to residential conversions in the pipeline, the supply of commercial office space may continue to be restricted. Whilst data in Brixton is not available, in a calculation of LBL Employment Floorspace for the Local Plan Review that was carried out in October 2017, the LBL council found that the borough had experienced a loss of B1a employment floorspace totalling 116,015m² in the period 2007-2017. A large majority of this net loss in B1a use class floorspace, 92,859m² (80%), was lost after the introduction of permitted development rights in 2013, which allows for B1a use class floorspace to change use to C3 (residential)

without going through the full planning application process, suggesting that this change in policy may have had a detrimental effect on total office floorspace in the borough.

- 5.12 One of the biggest consequences of rising rental rates on the office market in LBL is that it has the impact of pricing businesses out of the area, as well as deterring new businesses from entering, with this effect being disproportionately felt by small and medium enterprises (SMEs) that are more sensitive to changes in rental prices. **Table 6** shows that over the last five years, **the number of new SMEs locating in LBL has decreased by 8%, a considerably lower number than the regional and national averages displayed** who, by contrast, experienced positive growth.

Table 6: Business Growth by Size of Business (employees), 2014-2019

| Area | SME (0-249) | Large (250+) | Total |
|--------------|-------------|--------------|-------|
| LBL | -8% | 11% | -8% |
| Inner London | 30% | 19% | 30% |
| London | 30% | 17% | 30% |
| England | 21% | 17% | 21% |

Source: UK Business Counts (Enterprises)

- 5.13 Therefore, it is possible that the lack of office space in LBL is preventing businesses from locating in the area either directly through the unavailability of space, or indirectly through the upward pressure that unavailability places on rental rates. By comparison, Inner London as a whole experienced a marked rise of 30% in the number of SMEs in the last five years. It is a concern that LBL is failing to attract and incubate new businesses, with many new companies being put off by high rent prices and preferring facilities on offer in other London boroughs.

Contribution of the scheme

- 5.14 As mentioned previously in this report, the LOPR states that in the year 2015-16, the total stock of office floorspace in LBL amounted to 583,000m² (GIA). The LOPR offers a composite projection of the net additional office floorspace that will be required to meet demand in the borough from 2016-2041, equivalent to c. 160,000m² of additional GIA office floorspace. This projection considers both trend-based projection of what has happened to floorspace stock in the past with an employment-based projection that factors both structural employment projections and takes account of future development plans.
- 5.15 As previously mentioned, the Brixton Economic Plan³⁴ has been clear in outlining the need for commercial office space in the Brixton area, with the policy stating the importance directly:

“The delivery of additional commercial space (over and above that proposed within Future Brixton) will be a critical factor in helping to secure agglomeration benefits: achieving ‘critical mass’ and economic clustering will be an important factor in

³⁴ LBL Council, 2017. Brixton Economic Action Plan 2017

attracting occupiers and in cementing Brixton's image and reputation as a growing employment hub within the London context."

- 5.16 LBL acknowledges that in its current form, the Brixton area has limited office space and this a concern going forward. LBL's Local Plan 2015³⁵ states that in Brixton, there is a demand that must be met for additional affordable and flexible business space to meet the needs of SMEs, stimulating growth and providing further employment.
- 5.17 It is the intention of the Applicant to provide c. 17,700m² of net internal area (NIA) workspace at the Proposed Development, creating an estimated 1,650 jobs and providing a significant uplift in available commercial space in Brixton & LBL. This is equivalent to c. 11% of the LOPR target for the entire borough. The delivery of this office space is intended to address the evidenced shortfall in modern office space and managed workspace cited within the Brixton Economic Action Plan³⁶ through the Future Brixton programme, allowing Brixton to capitalise upon its economic opportunity, diversify and support further job creation.
- 5.18 Importantly, LBL highlights the economic benefits that will arise as a result of additional office space in the Brixton Economic Plan³⁷, citing:
- Directly helping to create employment opportunities in higher skilled, higher salary sectors;
 - Delivery of indirect multiplier benefits for local town centre businesses, via salary spend; and
 - The creation of financial benefits for LBL Council and the GLA including via New Homes Bonus and Community Infrastructure Levy for reinvestment in the local area.
- 5.19 A quantification of all three of these benefits was provided in the previous section (Operational Impacts). In this section it was highlighted how the Proposed Development will have disproportionate GVA benefits due to more productive office employment being supported on site.

³⁵ LBL Council, 2015. Local Plan

³⁶ LBL Council, 2017. Brixton Economic Action Plan 2017

³⁷ Ibid

6 The Need for Market Space

The history of markets

- 6.1 London's markets are crucial to culture, with the GLA describing them as "at the heart of our communities and local places and offer Londoners a diverse range of economic, social, and environmental benefits, collectively known as *social value*"³⁸. The social and cultural value of markets in London cannot be understated as they have played a key role in communities for many years.
- 6.2 Markets are defined as 'a concourse of buyers and sellers'. A market has a minimum of five stalls, has a fixed location, and is open to the public. They generate social value to the local area through economic, social and environmental benefits.³⁹ Some of the functions and purposes of London's markets are listed below:
- Markets provide a breadth of products and services that local people both need and depend on;
 - Markets bring increased amounts of tourism and footfall to London's high streets and town centres, strengthening the local and regional visitor economy;
 - Markets are an expression of communities and help build a strong sense of local identity;
 - Markets offer food that is hard to find elsewhere for niche communities; and
 - Markets generate opportunities for employment, develop entrepreneurial skills, provide training for young people, and support low-threshold business formation and incubation through the provision of workspace and training.⁴⁰
- 6.3 There are currently 280 retail markets in London, a rise from 163 in 2010⁴¹ (an increase of 72%), reflecting a growth in the provision of markets across the capital. London's biggest and most popular markets include:
- Camden market;
 - East Street market in Southwark;
 - Portobello road markets in Kensington and Chelsea;
 - Borough Market in the City;
 - Brick Lane Market in Tower Hamlets; and
 - Brixton Street Markets in Lambeth.
- 6.4 It is thought that individual markets first originated to serve the needs of the local communities that require them. As earlier markets, such as those in Camberwell, Peckham and Fulham, developed into distinctive centres, more modern markets emerged to support local residents, such as Brixton Markets, East Street and Portobello. Some of these markets now serve as the only place where familiar foods are available to certain communities, underpinning their importance.⁴²

³⁸ GLA, 2017. Understanding London's Markets.

³⁹ Ibid

⁴⁰ Ibid

⁴¹ Ibid

⁴² Ibid

Importance of Brixton Markets

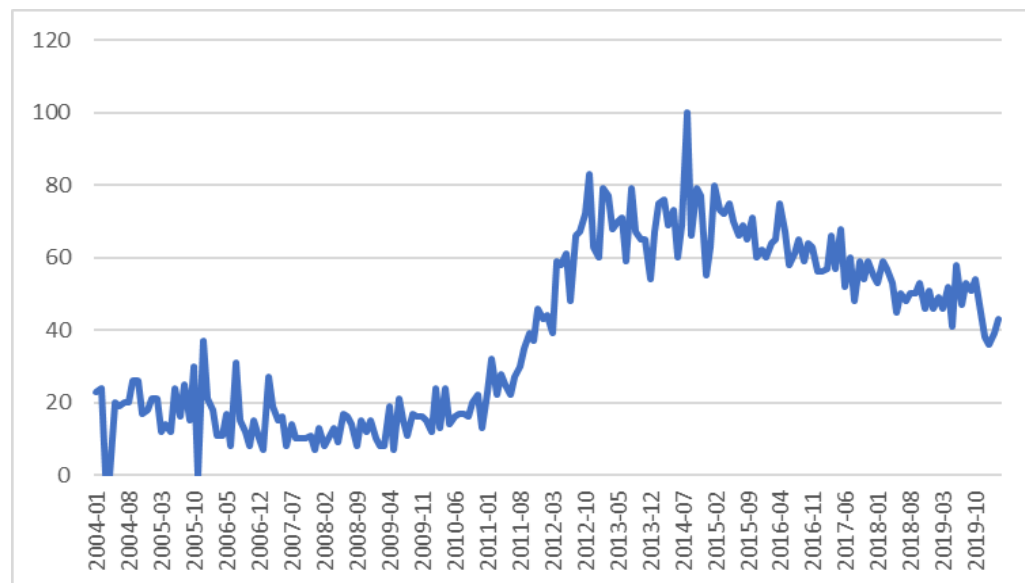
- 6.5 Sectors typically present within markets are services, including mobile food service activities, retail in the form of textiles, miscellaneous goods & accessories and other recreation goods, and beverage servicing activities. These make up the bulk of what markets typically offer, specialising in niche food activities for local communities. These niche businesses located throughout London's markets & Brixton in particular support the local amenity offering, enhancing the creative ecosystem of a place. It has been cited that it is important that the market's offerings reflect local business needs and wants⁴³, precisely what Brixton Market embodies.
- 6.6 Brixton Market had historically been of poor quality. The Applicant has played a crucial role in Brixton Market in recent years, since the market has come into their ownership, in regenerating and improving the quality of the markets. **Brixton Market has strong roots in the local community**, with two distinct consumer groups: those on low-incomes and those who share a desire for the markets to retain their distinct local identity⁴⁴.
- 6.7 There have been recent investments in Brixton Market over the years to retain its identity, notably securing investment from London's High Street Fund, a Heritage Lottery Fund grant, and additional Council money, all to regenerate the markets⁴⁵. The revamp has been successful, whilst respecting the local sensitivities to Brixton Market along with maintaining individuality and access. The bid for additional funds was put together based on a five-year street market strategy to guide future operations and management.
- 6.8 The importance & popularity of Brixton market has been recognised more recently over the last decade, as shown by the Google searches for the term 'Brixton Market' in **Figure 11**. The amount of people searching for Brixton Market doubled between 2010 and 2012, highlighting the emergence of the market over the last decade. Comparing this to the searches for all other markets, which are listed in **Figure 12**, allows us to observe whether markets have in general become more popular, or that Brixton has outperformed in searches relative to the average. Relative to London's other markets, Brixton has experienced growth in the number of searches, whereas searches for some of the other popular markets have kept around the same level or experienced only a small increase. Of the seven other markets listed in **Figure 12**, four experienced small levels of growth, whilst three remained at broadly the same levels. It can therefore be said, based on this data, that Brixton Market has outperformed other London markets over the last few years in terms of search popularity, showing an increased awareness and interest in the market.

⁴³ Hatch Regeneris, 2018. Brixton Market: Strategy and Business Plan Evidence for Hondo Enterprises

⁴⁴ Ibid

⁴⁵ Ibid

Figure 11: Brixton Market Google searches



Source: Google Trends

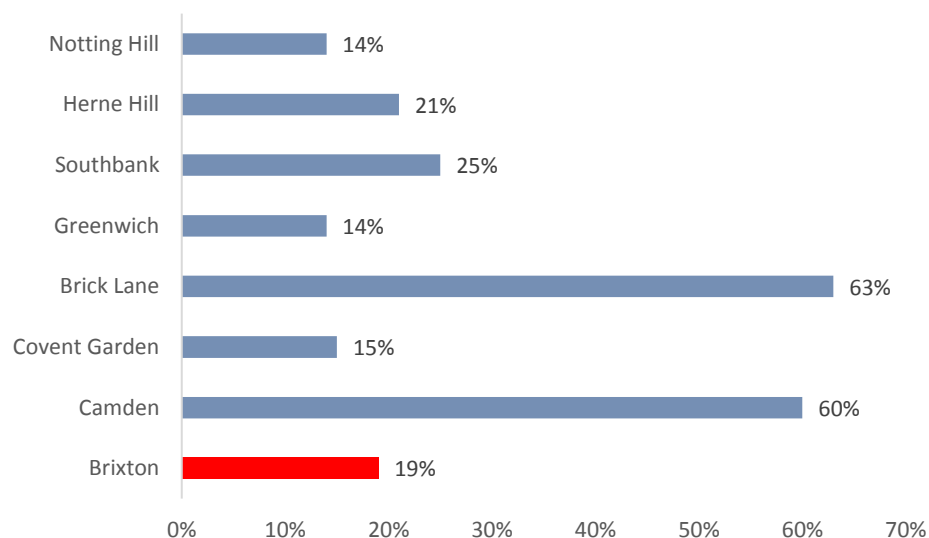
- 6.9 In the above graph, searches for Brixton Market doubled in the period 2011-2015. One reason for this could potentially be the diversification of the market from 2011 onwards. Shops & stalls in Brixton Village have increasingly undergone conversion into cafes and restaurants, serving a wider range of cuisines since 2011⁴⁶, attracting new markets & interest. Another reason for the spike in interest could be attributed to the Brixton Market Traders Federation's 'Make it, grow it, sell it' market campaign ran in 2011. This campaign encouraged local producers & entrepreneurs to show off their goods, which was a success and led to a contractual agreement for the Federation to run Brixton Station Road Market.⁴⁷
- 6.10 The market has been more popular over the last five years, coinciding with the markets growing in importance for local communities within Lambeth. Concentrating on the previous five years, **Figure 12** shows various locations within London & the proportion of google searches with 'market' after the initial query.⁴⁸ As shown, 19% of people who search for Brixton with an associated query afterwards search for Brixton Market. Data shows that the markets in both Brick Lane & Camden are much more important to their local area in the context of Google searches, due to the importance & popularity of these markets to Londoners, highlighting the continued potential for the strengthening of Brixton Market in the future.

⁴⁶ The Guardian, 2011. Restaurant review: Brixton Village.

⁴⁷ Brixton Market, (no date). Our History

⁴⁸ This only includes those who search for the location & an associated query afterwards, excluding the location on its own.

Figure 12: Importance of 'market' term in Google searches

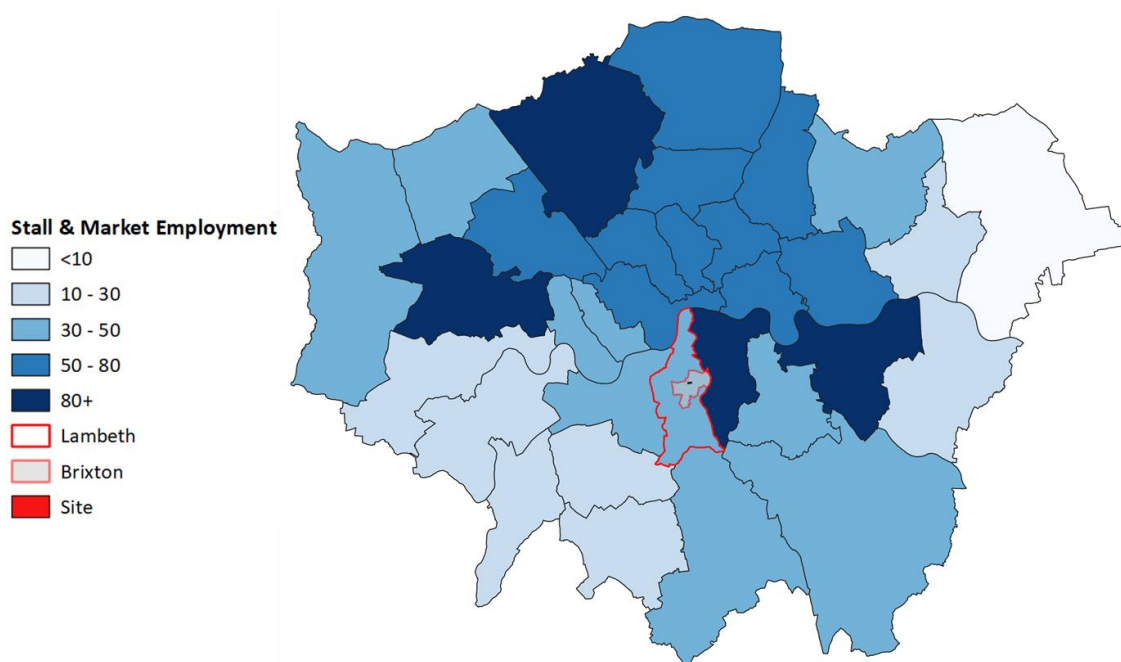


Source: Google Trends

- 6.11 Market & stall based employment is illustrated in **Figure 13**, showing where the most people are employed that work in market & stall-based sectors.⁴⁹ The figure shows that the boroughs with the most employment are Ealing (most employed at 170), Greenwich, Southwark and Barnet. LBL is ranked at 14th amongst the London boroughs in terms of employment within the related sectors. Although much of the Brixton market is made up of retail sellers via stalls, there are also many mobile food stands and take-away shops within the market which aren't accounted for by this figure.

⁴⁹ Market and stall-based employment uses the 2007 Standard Industrial Classification (SIC) codes: 47.810 (Retail sale via stalls and markets of food, beverages and tobacco products), 47.820 (Retail sale via stalls and markets of textiles, clothing and footwear), and 47.890 (Retail sale via stalls and markets of other goods).

Figure 13: Market and stall-based employment in London



Source: ONS, 2018. Business Register & Employment Survey.

- 6.12 For the wider area of Brixton and indeed Lambeth, markets have been found to have positive impacts on town centres, increasing tourism numbers and footfall. Markets have been found to generate footfall increases of around 25% for town centres and significantly increasing retail sales. Through the increased footfall, between 55% and 71% of market visitors spend money in other shops.⁵⁰ The attraction of tourists serves as another economic benefit for Lambeth, as markets offer an enhanced tourist experience due to allowing the visitors to take part in the everyday life of the place they are visiting and indulge in the local community within Brixton.⁵¹

Contribution of the Proposed Development

- 6.13 It has been noted that Brixton Market going forward needs to cater to a changing demographic as more workers arrive in LBL due to the substantial economic growth that is planned in this part of the borough, likely boosting footfall in the markets and bringing new demographics of people to the local area⁵². The additional market provision could help to support this and enable the change by providing flexible market space to allow for additional entrepreneurial ventures. **There are 4,000 extra people working in Brixton than there were in 2012⁵³, and Brixton is not currently meeting its potential for entrepreneurial ventures, demonstrating a differential need for more workspace and flexible incubator/accelerator workspace in the local area.**
- 6.14 The slow expansion of the market in recent times has facilitated the growth in employment within Brixton. Of the 72 market tenant respondents in 'Brixton

⁵⁰ Manchester Metropolitan University, 2015. Markets matter.

⁵¹ Pappalepore et al., 2014. Prosuming creative urban areas.

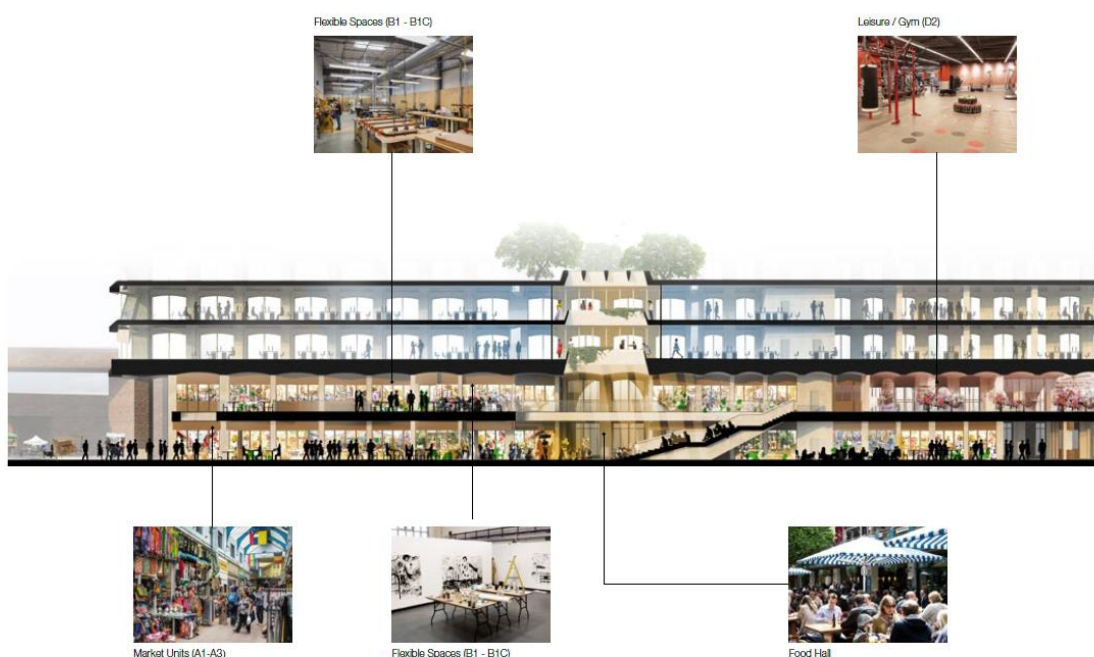
⁵² Hatch Regeneris, 2018. Brixton Market: Strategy and Business Plan Evidence for Hondo Enterprises

⁵³ Ibid

Perspectives⁵⁴, 46% want to expand space requirements in the next 2 years, and 56% of these people want to expand within Brixton Market, further evidencing a need for additional market space in Brixton Market. Rental values and vacancy rates within Brixton have recently been outperforming London averages⁵⁵, thus showing that the demand for market space is high, and that the Applicant's contribution would drastically help in increasing the amount of retail floorspace.

- 6.15 There has been a 41% growth in businesses in Brixton since 2012 compared to 29% across London⁵⁶. The employment growth rate in Brixton is also well over double that of LBL and London⁵⁷, establishing a theme that **there is a demand for and a need for additional market provision to support this growth**. Brixton is also below the London average of 22 start-ups per 1,000 residents⁵⁸ as the local population is not as entrepreneurial as it possibly could be, something which the additional market provision could help rectify. The Proposed Development will look to install additional A1 and A3 flexible retail space to **accommodate c. 45 new market units**, helping to solve the issues outlined here. In addition, publicly accessible open space (PAOS) will be provided, introducing flexibility for the tenants of the market. The new market streets created by the Proposed Development are shown in **Figure 14**.

Figure 14: Market provision in Proposed Development



- 6.16 The strong cultural and heritage values of Brixton Market are important to the local community and must be respected going forwards. The Applicant will look to:
- Continue to improve the markets, boost footfall and bring new and different types of people to the area;

⁵⁴ Hatch Regeneris, 2018. Brixton Market: Brixton Perspectives for Hondo Enterprises

⁵⁵ Hatch Regeneris, 2018. Brixton Market: Strategy and Business Plan Evidence for Hondo Enterprises

⁵⁶ Hatch Regeneris, 2018. Brixton Market: Brixton Perspectives for Hondo Enterprises

⁵⁷ Ibid

⁵⁸ Ibid

- Recognise the key sensitivities in the area (related to gentrification) and learn lessons from previous regeneration projects;
- Develop a clear approach to supporting existing tenants and ensuring that local people receive future social and economic benefits;
- Acknowledge the changing demographic of the borough (influx of young people aged 23-35) and recognise that these groups tend to have higher disposable incomes which could benefit the market if capitalised upon;
- Provide flexible floorspace on the secondary/upper levels as an opportunity to capitalise on the increased popularity and current shortfall in provision of these uses in the area (as identified in the Brixton Economic Action Plan);
- Provide publicly accessible open space (PAOS) in the centre of the market, allowing for a flexible multitude of uses; and
- Enhance the physical environment of the market, providing investment to improve the interior and exterior, enhancing visitor amenity⁵⁹.

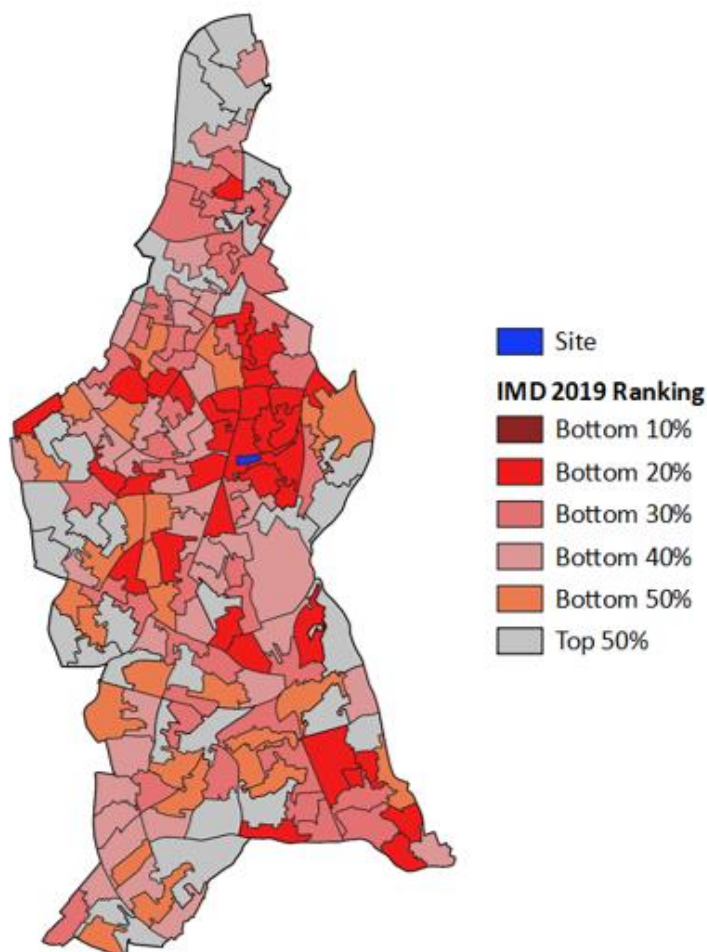
⁵⁹ Hatch Regeneris, 2018. Brixton Market: Strategy and Business Plan Evidence for Hondo Enterprises

7 Wider Impacts

Catalytic impacts

- 7.1 The benefits of the Applicant's investment are not just limited to the Proposed Development itself, but have the potential to reach beyond its boundary and into the surrounding local area. **The arrival of the Proposed Development would make the local area a more attractive place to both work and visit**, offering future investors into the area encouragement that they will generate a positive return, and acting as a potential catalyst for future investment.
- 7.2 The Proposed Development is located within an area of relatively high deprivation, with all the surrounding lower super output areas (LSOAs) in **Figure 15** falling in the 20% most deprived nationally. The LSOA containing the Proposed Development is in the bottom 20% nationally for its overall deprivation ranking.

Figure 15: Index of Multiple Deprivation Ranking (2019) for LSOAs in LBL



Source: DCLG, 2019. Index of Multiple Deprivation

- 7.3 Given the deprivation present in the local area surrounding the site, regenerative impacts from the Proposed Development would be particularly significant. The Proposed Development and its associated economic benefits may contribute to

lowering deprivation in the income, employment, and living environment sub-domains, in which the local area ranks relatively poorly.

- 7.4 Within a borough report by LBL Council in 2016⁶⁰, **Coldharbour** (ward containing the Proposed Development) **was amongst the most deprived wards in terms of income deprivation, employment deprivation and barriers to housing and services**. The report acknowledges the state of the borough and the particular wards that require economic regeneration. LBL is also cited as the most deprived borough in the 2016 report, with half of its LSOAs in the 10% most deprived, and 10/13 of the most deprived areas are concentrated towards the centre of the borough.
- 7.5 There is an obvious need for regeneration and economic renewal within LBL's most deprived areas, particularly Coldharbour ward. The LBL Borough Plan 2016-2021 is a shared endeavour document, which sets four big ambitions and 20 goals that LBL have established they need to work to make the borough the most attractive place to live and work in London.⁶¹ Targets specifically addressed in the LBL borough plan 2016-2021 include:
- “Increase the levels of labour market participation for our population, **supporting more people into employment** and increasing employment for those who are underemployed.”*
- “**Attract more businesses into the borough** from the creative & digital, professional & financial services sectors.”*
- “**Increasing the amount of affordable workspace** in the borough, to support small businesses and entrepreneurs in the early stages of development.”⁶²*
- 7.6 LBL is cited as having world-class creative and digital businesses with major growth potential. However, this sector within the borough is smaller and less strongly clustered than other central London boroughs, and this has been shown to be because of the lack of availability of appropriate and affordable office space.⁶³
- 7.7 The employment opportunities created at the site of the Proposed Development once operational will be based in an area of relative economic deprivation. The Proposed Development addresses the target of increasing labour market participation with the direct creation of jobs, through the expansion of commercial space at the site. This also addresses the target to increase the amount of affordable workspace available to new businesses. The additional provision of markets and flexible market space addresses the middle target, providing further support for cultural and business communities.

Public realm benefits

- 7.8 People like to live, work and spend time in nice environments, and as a result there is increasing evidence that there are socio-economic benefits to new developments providing enhancements to the public realm. Research undertaken through stated preference surveys has provided a way of showing the equivalent monetary value that people place on nicer, more attractive public realm during their day-to-day activities,

⁶⁰ LBL Council, 2016. State of the Borough 2016

⁶¹ LBL Council, 2016. Borough Plan 2016-2021

⁶² Ibid.

⁶³ LBL Council, 2018. Draft Revised Lambeth Local Plan

with characteristics such as ‘quality of environment’, ‘personal security’, and ‘permeability’ particularly valued.

- 7.9 The existing quality of public realm in the local area surrounding the site is deemed to be of poor quality, notably on Pope’s Road, with issues surrounding permeability an important consideration here. There is a lack of connectivity through the site and onto the site, with dead ends through Brixton Village and lack of access from other roads. The Proposed Development connects the east & west of the site, and will improve the public realm surrounding the site to increase footfall. **Figure 16** and **Figure 17** address these issues and show what the Proposed Development could look like, significantly enhancing the public realm offering of the area.

Figure 16: Sketch View of Proposed Development #1



Figure 17: Sketch View of Proposed Development #2



- 7.10 One of the targets in the LBL borough plan involves making community places more enjoyable for people where they can enjoy a good quality of life and where everyone is able to make a contribution and feel valued, achieved by **designing public spaces to make them more accessible** and supporting groups and businesses to deliver cultural activities for everyone.

Local jobs

- 7.11 It is important that any new development benefits residents in the local area. The workforce of LBL is mobile, as shown in **Table 7**, with only 19% of workers in the area also residing within LBL. Workers in the accommodation and food sector (classed as SIC category I) and wholesale and retail trade (SIC category G) are more likely to be LBL residents (29% and 24%)⁶⁴ than the average (19%).

Table 7: Commuting Patterns of LBL employees, 2011

| Industry | Total Employment, 2011 | % of which is Resident in London | % of which is Resident in LBL |
|-----------------------------------|------------------------|----------------------------------|-------------------------------|
| Construction | 3,900 | 73% | 12% |
| Accommodation & Food (Restaurant) | 6,900 | 95% | 29% |
| Office | 26,000 | 80% | 15% |
| Wholesale & Retail Trade | 9,500 | 89% | 24% |
| Leisure | 3,800 | 86% | 19% |
| Total | 50,300 | 84% | 19% |

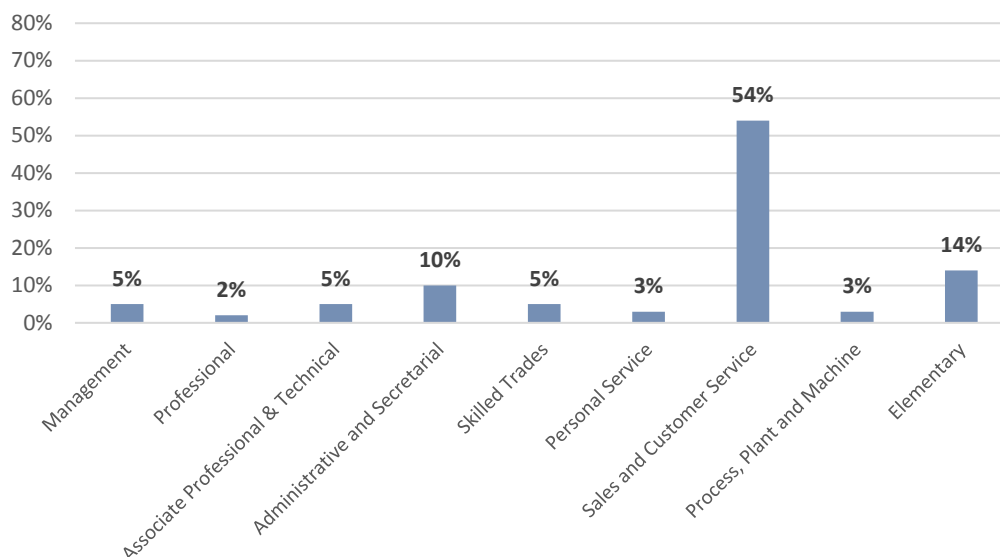
Source: Census, 2011. Location of Usual Residence and Place of Work by Industry (safeguarded data). NB: Figures may not sum due to rounding.

- 7.12 Therefore, based on commuting patterns in **Table 7**, it would be expected that, when operational, approximately 290 jobs at the Proposed Development would go to LBL residents (in addition to 175 jobs for construction workers). This breakdown would be as follows:
- Office workers: 248
 - Retail/Market workers: 32
 - Restaurant workers: 7
 - Workers in the leisure space: 2
- 7.13 Not only would the Proposed Development provide job opportunities for local residents, but the opportunities provided would be in line with those that unemployed residents in LBL are seeking. **Figure 18** shows the sought occupations of unemployed residents in LBL, and from this it can be seen that the majority of unemployed workers are seeking employment in sales and customer service-related occupations (54%). The

⁶⁴ ONS, 2011. Location of Usual Residence and Place of Work by Industry (Safeguarded). ONS VML agrees that the figures and descriptions of results in the attached document may be published. This does not imply ONS' acceptance of the validity of methods used to obtain these figures, or of any of the analysis of the results.

estimated 160 restaurant and retail jobs directly generated by the Proposed Development, of which many positions will be in sales and customer service occupations, will contribute greatly to meeting the required demand for these types of jobs. Of these 160, approximately 30 would be expected to benefit local residents.

Figure 18: Sought occupations of unemployed residents in LBL



Source: ONS, January-September 2019. Jobseeker's Allowance by Occupation

Other social benefits

7.14 Other employment and skills related benefits and/or commitments from the Proposed Development can be found in the **Employment and Skills Strategy**, which aim to ensure that local opportunities provided at the Proposed Development go further than what would be expected to occur naturally. These employment and skills obligations seek to fulfil the commitments listed within the employment and skills SPD.⁶⁵ In short, these include:

- The Applicant intends to use reasonable endeavours to achieve a sectoral-specific target for local employment opportunities, based on an uplift of existing proportions of the relevant workforce. The proposed percentage commitments are outlined in the Employment and Skills Strategy;
- These sector-specific targets for operational employment opportunities will be set with respect to new operational jobs, due to the fact that tenants choosing to initially occupy the Proposed Development will most likely bring an existing workforce with them, which, if relocating from some distance away, is unlikely to be immediately be made up of the required proportion of LBL residents;
- The Applicant will commit to creating 26 apprenticeships over the overall construction and operational phases as per LBL policy of creating one apprenticeship per 1,000sqm (GIA) of development;

⁶⁵ Lambeth Council, 2018. Employment and Skills Supplementary Planning Document.

- The Applicant will commit to the recruitment of one individual who has been long-term unemployed (unemployed for at least 2 years) per 2,500sqm (GIA) of the development, which equates to approximately 10 opportunities;
- Education and training programmes provided at Impact Brixton on-site will strengthen the skills of local communities and local businesses, as well as providing affordable workspace in a co-working environment;
- All full-time operational staff directly employed by the Applicant will be paid the London Living Wage; and
- The London Living Wage will be promoted for all construction and operational employees that are not directly employed by the Applicant but are working at the site.

Social value of employment and skills commitments

- 7.15 The HACT Social Value Index⁶⁶ can be used to highlight the social value of some of these employment and skills commitments. HACT provides a variety of definitions on social value, one of which is:

“Social value is the quantification of the relative importance that people place on the changes they experience in their lives. Some but not all this value is captured in market prices. It is important to consider and measure this social value from the perspective of those affected by an organisation’s work.”

“Social value is ensuring that our services deliver the greatest impact and value to individuals in our communities, particularly the most disadvantaged.”

- 7.16 The social value bank provides a methodology for putting a figure on the value people place on non-market goods. Examples include the value individuals experience from living next to open space or increasing their confidence. These wellbeing values are important but are not commonly valued. The Social Value Bank uses large surveys and statistical techniques to assess how different life events impact on individual’s wellbeing. It can then be used to assess the impact that projects can have on individuals.
- 7.17 The benefit of using the social value bank is to place a value on important social aspects to allow them to receive sufficient weight in the process relative to other economic benefits. However, it is an emerging research area and subject to some uncertainty.
- 7.18 Based on the HACT social value index⁶⁷, achieving this target of 26 apprenticeships and moving 10 long-term unemployed into employment would have a social value of £205,500⁶⁸.

⁶⁶ HACT and Daniel Fujiwara, (no date), Community investment values from the Social Value Bank

⁶⁷ HACT and Daniel Fujiwara, no date. Community investment values from the Social Value Bank

⁶⁸ Moving someone from unemployment to full-time employment has a social value of £12,223, whilst the provision of an apprenticeship for an individual is valued at £3,199 (both these figures are accounting for provision within London and deadweight loss)

8 Conclusion

- 8.1 Total employment numbers within LBL have been growing at a slower rate than relevant comparators, with office-based employment growth faring even worse in comparison to other London boroughs. A low availability of office-space has been cited in the Brixton Economic Action Plan as an area for improvement moving forward, with the borough risking losing its economic competitiveness and deterring businesses due to the lack of suitable space. The Proposed Development, through the provision of 25,982m² of high-quality office workspace, contributes towards solving this issue, and creating an estimated 1,675 office jobs in Brixton. Compared to the borough's target for additional office floorspace to be delivered over the period 2016-2041, the Proposed Development will deliver 16% of the total target (160,000m² GIA), a substantial contribution for a single scheme.
- 8.2 Brixton Market has strong roots in the community of Brixton, LBL and London. More people work in Brixton Market now than they ever have done, whilst there is a demonstrated need for additional market space to cater for the increasing demand and changing demographic in the borough, increasing entrepreneurialism and start-ups in the local area. The Proposed Development will look to continue to improve and boost footfall in the markets, by providing flexible floorspace on the ground and first-floor levels of the Proposed Development to serve as an extension to the existing market. It will provide publicly accessible open space in the centre of the market, all while recognising the key sensitivities of the market to the local community and enhancing the public realm.
- 8.3 Through both the construction and operational phases of the Proposed Development, there are estimated to be significant positive effects on the local economy, particularly with regards to employment creation. During the construction phase, there is estimated to be c. 440 construction jobs created annually at the site. Once operational, the Proposed Development will support c. 1,850 jobs supported directly on site, equivalent to a total of c. 1,600 FTEs. Additional economic benefits are likely to be felt through expenditure in the local area, with £2.3m in estimated construction expenditure, in addition to £2.9m in worker expenditure when the site is operational. There is also projected to be an uplift of £182m in GVA as a result of the site, leading to additional tax revenues of up to £74m.
- 8.4 To ensure LBL residents are also able to benefit from the economic uplift occurring as a result of the Proposed Development, the Applicant will ensure that a variety of employment and skills commitments are adhered to, which have been designed in response to local employment and skills indicators, and will be sustained throughout its construction and operation. When combined with the catalytic potential for the investment, which is particularly important given the deprivation that currently exists in the local area, the **Employment and Skills Strategy** will ensure that the socio-economic benefits to residents arising from the Proposed Development are maximised.

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