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# Proof of Evidence of Barney Stringer

Alpha House  
Regis Road  
Camden NW5 3EW

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April 2024

Quod ref: Q220514

Appeal ref: APP/X5210/W/24/3337347

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# 1 Introduction

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- 1.1 I am Barney Stringer, a Senior Director of Quod Limited. I hold a BSc Joint Honours degree in Physics and Philosophy from the University of Bristol, a Post Graduate Certificate in Economics from Birkbeck College, University of London, and a MSc in Politics and Government from Birkbeck College, University of London. I am a Fellow of the Royal Society of Arts.
- 1.2 I have over twenty-five years' experience working in the planning and policy of infrastructure and regeneration, working in and for both the public and private sectors. This has involved population and employment modelling and infrastructure planning, contributing to Government planning policy, and developing strategies for employment, training and affordable workspace.
- 1.3 I have previously been Head of the Infrastructure team at the Confederation of British Industry, and head of the Infrastructure, Development and Sustainability team at the London Development Agency. Prior to that I was a parliamentary advisor. I have also been expert advisor to the European Economic and Social Committee Rapporteur, and Secretary of the London Business Board.
- 1.4 I was a founder and owner of specialist regeneration and socio-economic consultancy Hunt Dobson Stringer, prior to its acquisition by Quod. I am now a senior director at Quod, where my team provides specialist social, economic and regeneration impact advice to the public and private sectors.
- 1.5 I have developed demographic models that have been widely used in the planning of many new or expanded schools. I have variously worked for developers of new communities, for the school themselves, or for local authorities. I have provided expert demographic and school planning services to local authorities, both in relation to individual school projects and for wider school place-planning.
- 1.6 I have worked on self-storage developments for a number of different operators over the last ten years, with a particular focus on understanding the employment effects. This work has included surveying businesses and one-to-one interviews with business users of self-storage at a number of locations.
- 1.7 The evidence which I have prepared and provide for this appeal, reference APP/X5210/W/24/3337347, in this proof of evidence is true, and I confirm that the opinions expressed are my true and professional opinions.

## 2 Scope of Evidence

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- 2.1 The proposed development is to replace the existing 1,716sqm of B8 storage space with 8,997sqm of storage space (including 5,476 sqm of demountable mezzanines), plus 566sqm of offices. It is therefore an intensification of employment floorspace in an area identified by the Kentish Town Planning Framework (CD-5.12) for employment-led intensification.
- 2.2 As such, employment is not a reason for refusal. However, the Council's Statement of Case (CD-11.2), paragraph 8.1, questions the public benefits of the proposals. My proof responds to these questions, and I will show that:
- The development will provide flexible accommodation of a type that is particularly well-suited to business needs
  - There is strong demand for self-storage
  - Existing self-storage provision in Camden is limited, with no modern purpose-built facilities at all.
  - The proposals would accommodate a significant increase in employment on the site, over and above what is likely in the existing building
- 2.3 In doing so I will also explain how businesses use self-storage, and why it is a particularly beneficial use alongside and supporting the proposed Camden Film Quarter.

### 3 How businesses use self-storage

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- 3.1 Most people's experience of self-storage is as a domestic customer, but this gives a very partial view of how it is actually used. Around 40% of the space Big Yellow lets in London is taken by businesses. Nationally, Big Yellow is landlord to more than 10,000 firms, making it one of the country's most important small-business landlords.
- 3.2 This is very significant – to the businesses themselves, their employees, and to the local economy – but it is not particularly visible. While there are typically more than a hundred firms within a self-storage store of the type proposed here, they are not using it as customer-facing premises, or displaying their own branding on the street.
- 3.3 Businesses take a space or spaces of a size and type of their choosing (which can be storage, office or both). They then have dedicated use of their space, which is lockable and protected for them with an alarm. They can arrange that space how they choose, adding furniture, desks, IT, racking etc. They can use storage space how they choose – to give access to tools, spare parts and samples; to sort and photograph stock; or to pick, pack, print, dispatch or assemble goods.
- 3.4 As with most storage and logistics, customers of a business are unlikely to ever see that business use of self-storage, but it is vitally important and central to the companies themselves. Firms do not pay to rent floorspace unless it is needed by their business, and they do not generally take space in Inner London for long-term storage of low-value items such as archiving, for which there are much cheaper options elsewhere. Therefore businesses choosing Big Yellow in Kentish Town would typically do so because their business not only needs it, but needs it here, and needs regular, active access in the course of their work.
- 3.5 The form this takes will vary greatly, but can include:
- Internet retailers who pack and sell goods directly from self-storage. Some also use self-storage as a studio for photographing stock before posting online.
  - Businesses with no fixed place of work, using self-storage for tools, equipment, materials and samples, that they can access before visiting customers
  - Firms that use self-storage as a stock room to make best use of customer-facing floorspace nearby, while retaining a wide range and availability of stock
- 3.6 The important role of self-storage for business is recognised by government. For example, the Valuation Office Agency (VOA) Practice Note 2023 on Self Storage (Annex 3 to this proof) notes that during the Covid pandemic:

*“Self storage was deemed to be a part of the logistics chain, classed as an essential service and allowed to remain open under certain conditions. The industry is used by the healthcare and food industries as well as many online and other businesses permitted to operate during lockdown”*

3.7 Because self-storage's role as a provider of business floorspace is relatively new and unfamiliar to most who have not experienced it, I have included case studies in Annex 1, to illustrate how it works for companies.

### Why self-storage here?

3.8 Location is important for business users of self-storage, typically because they need space that is either near their staff or their customers.

3.9 In previous analysis I have carried out on Big Yellow's six stores in West London, I found that the majority of business customers were from within two miles of the store. One reason for this is that so many of them are start-ups, and an entrepreneur looking for space from which to operate their new business is likely to look for somewhere convenient and near them.

3.10 The area within two miles of the Alpha House site on Regis Road is home to around 400,000 people – a huge source of demand not only for domestic use of self-storage, but also from entrepreneurs and start-ups looking for flexible space to grow their new business in.

3.11 The other main reason for businesses to choose a location is that it gives good access to customers. Many businesses based in self-storage are so called "B2B" firms, whose customers are other businesses rather than consumers.

3.12 The Kentish Town Planning Framework (page 27) notes of the firms already in Kentish Town that "many of these businesses play a role supporting the Central Activity Zone (CAZ) and the local economy", and later (page 61) says that:

*"Given the location close to central London, there is expected to be a continued CAZ supporting role for industry in the area, with the re-provision of suitable industrial / warehousing space."*

3.13 Firms in the CAZ need supplies, and the businesses that provide those supplies need a base from which to do so, and self-storage gives them exactly that. This pattern is seen in Big Yellow stores elsewhere in Inner London, with examples of existing self-storage tenants ranging from photocopier suppliers to offices, to cleaning services to hotels.

3.14 London's warehouse and industrial land supply faces continued pressure from housing demand, so self-storage in locations such as Kentish Town is likely to play an increasingly important role in servicing the CAZ.

### Self-storage and the "Camden Film Quarter"

3.15 Camden Council has recently stated an aspiration to promote Kentish Town for creative industries including film. These sectors need an eco-system of suppliers, and those suppliers are frequently based in self-storage facilities. In Big Yellow's store on York Way, Islington, firms categorised as "Creative Industries / Media" are amongst the most common occupiers, second only to internet retailers.

3.16 Examples of existing customers already using Big Yellow in Inner London include film production firms, cinematography, and costume design for film and TV. Self-storage is a strongly complementary use supporting a future creative and film cluster.

## 4 The flexible offer to business

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- 4.1 The Council's planning guidance on employment premises (CD-5.8) says mixed use industrial or storage developments are expected to include "a range of types and sizes of employment space wherever possible and appropriate" and goes on to note that this "could include" flexible space on "easy in-easy out leases".
- 4.2 The Council's Statement of Case paragraph 8.1 "disputes that the proposal would provide flexible accommodation". This is simply wrong.

### A variety of space

- 4.3 The proposal very clearly offers a range of types and sizes of employment space, as it includes both storage and offices. Big Yellow offer many different room sizes within their stores, which can range from 9 sq ft to 5,000 sq ft. Partitions between storage rooms are demountable and can be quickly moved to combine or split rooms to suit customers' changing needs.

### Flexible terms

- 4.4 The contract flexibility of self-storage is also exceptional, and a major attraction to business users. Traditional commercial property leases are measured in years, which can be a huge disincentive to business growth, particularly for start-ups and entrepreneurs who are often required to give personal financial guarantees in order to secure traditional commercial leases.
- 4.5 By contrast, businesses taking space in Big Yellow can move in immediately and need only give seven days' notice (or 28 days for offices or larger units) to leave. This flexibility is extremely attractive to business occupiers – it reduces the risk of taking on space and even allows the amount of space taken to be varied seasonally according to the peaks and troughs of demand, without the cost of carrying unnecessary floorspace. Businesses also benefit from the simplicity and certainty of all-inclusive charges, covering rent, rates, utilities and support services.

### Flexible services

- 4.6 Another important aspect of the flexibility that self-storage offers is the additional services provided compared to a traditional warehouse lease. Big Yellow provides access to trollies and forklifts on site, and the reception staff accept and store incoming deliveries during the day, or hold outgoing deliveries waiting for couriers. This is highly valuable to small businesses, as it means their time is not wasted waiting at the warehouse for deliveries, and they can be out visiting customers instead.
- 4.7 Overall, self-storage of the form offered by Big Yellow is clearly amongst the most flexible forms of business space available, and is highly useful for any business that needs to hold stock or equipment, but is not of a scale to be able to lease a traditional large warehouse.



## 5 Strong demand for storage

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- 5.1 The Council's statement of case, paragraph 8.1, questions whether there are "growing domestic and business needs", citing the borough's Economic Needs Assessment to suggest high vacancy and rising availability for B8 space in the borough.
- 5.2 However, this is a selective reading of that report, which notes in paragraph 7.5.8 that vacancy rates are returning to the (low) levels seen pre-pandemic, and in 7.5.11 that changes in rental values may be a Covid effect, and are based on only a few transactions so are "susceptible to large skews". The Economic Needs Assessment also highlighted the fact that there were virtually no small warehouse units in the borough (1% of B8 space is in units less than 1,000sqm).

### An under-supplied market

- 5.3 Appended to my proof (Annex 2) is analysis by Savills of the local industrial and logistics sector in the borough. I will not repeat that evidence, but note its findings below in the light of the Council's claim that there is already sufficient supply. By contrast Savills found that:
- Vacancy rates for employment land and floorspace in Camden are low compared to other boroughs, and well below the level needed for an efficient market (London Plan paragraph 6.7.1)
  - Rental values in Camden are amongst the highest in London
  - There is virtually no availability of premises below 5,000sqft in the borough
  - The few smaller B8 premises were all of low quality,
- 5.4 These are clear indications of unmet demand, locally, particularly for the type of small, high quality spaces that the proposal would provide. Intensified additional storage space in this location is therefore not likely to simply displace activity from elsewhere in the local area, and would instead be largely additional employment to the borough. Camden requires intensification to accommodate its growth needs.

### Self-storage growth

- 5.5 Looking more specifically at self-storage, this is a sector that has been growing strongly in response to demand, and Big Yellow has been successful in identifying locations where there is more demand. The firm has grown steadily, adding new stores every year. Since 2015 the company has increased the total floorspace it operates by 45%, and the floorspace it rents to businesses by 72%.
- 5.6 Analysis by the Valuation Office Agency (Practice Notes, Annex 3 to this proof) noted only 350 self-storage units in England and Wales in 2010, rising to 1,000 in 2017, and a further 50% increase by 2023 – which means more than 80 new stores have been opening per year.

Nonetheless the VOA still says that compared to the USA where the concept originated, “this market is less mature in the UK”, noting it’s growth as awareness from customers increases.

## 6 Camden’s self-storage supply

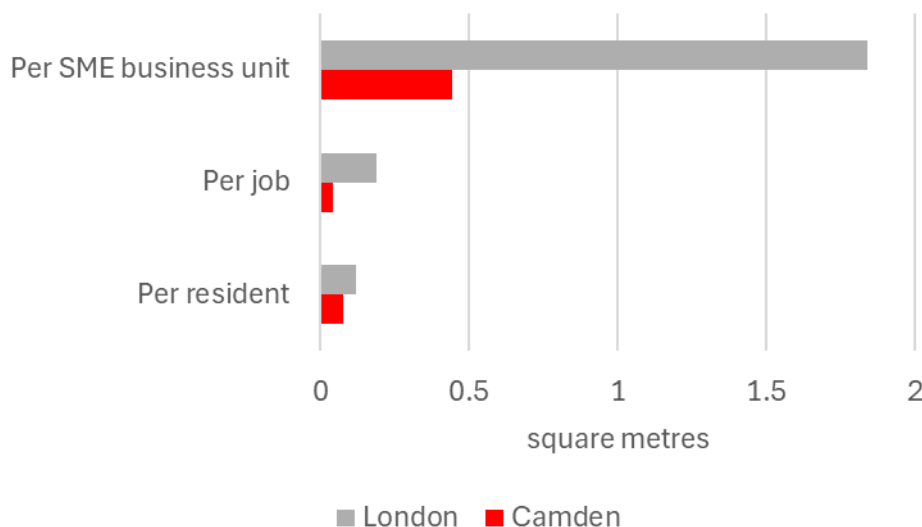
6.1 The Council’s Statement of Case, paragraph 8.1, claims that there is a “prevalence” of self-storage in Camden, enough to meet any need from businesses or residents. By contrast the evidence suggests a shortage of self-storage in Camden, and one that is likely to worsen unless new facilities are allowed.

### Under-supply

6.2 The most recent available data from the VOA<sup>1</sup> shows that in 2023 Camden had 25,303 sqm of self-storage space across the borough, however the largest self-storage unit recorded by the VOA (the Access Storage store on Belgrave Street) has since closed pending redevelopment. This unit accounted for nearly a third of all self-storage provision in the borough and is a significant loss, leaving only 17,053 sqm of self-storage.

6.3 That leaves Camden as one of the least well-served boroughs in London for self-storage (having already been below average even before the Belgrave Street closure). Figure 6.1 shows the borough’s provision relative to the London average. Per resident, Camden has less than two-thirds of the average self-storage provision in London. Per job or SME business unit in the borough, it has less than a quarter of the average London provision.

Figure 6.1. Relative provision of self-storage in Camden and London



Source: VOA, ONS 2022 (Mid-Year Population estimates, BRES, Business Counts). SME (Small and Medium Enterprise) defined as under 250 employees

6.4 While current provision is limited, demand is likely to increase. ONS data shows that since 2015 Camden has gained over 9,250 SMEs, and 61,000 jobs, and continued growth is likely

<sup>1</sup> Valuation Office Agency, Business rates SCat code 721, 2023

to drive demand for more self-storage. Similarly the ONS 2018-based population projections suggested the borough could grow by more than 53,000 people over 25 years (the length of the London Plan). As noted by the VOA above, this is still a new sector that has not reached maturity yet, so demand would be expected to grow even faster than growth in population, jobs or businesses.

## Poor quality

- 6.5 As well as quantity, Camden also falls short in terms of quality. Two remaining self-storage sites in the borough are in converted industrial buildings, with the rest in converted underground car parks below residential buildings. There appears to be no modern purpose-built self-storage at all in the entire borough.
- 6.6 This is important as a purpose-built facility is designed for flexibility and quality, providing the clean, dry, secure and convenient environment that businesses and residential customers want. A new facility meets the current Building Regulations for energy efficiency and Fire Safety Regulations. Basement car-park conversions are a much more compromised offering in terms of weathertightness and accessibility. They are typically small scale, offering fewer options and less additional service from on-site staff, as well as lower floor to ceiling heights, and poorer pedestrian access.
- 6.7 The new purpose-built self-storage facility proposed by Big Yellow at Regis Road would not only go a significant way towards addressing the existing shortfall in provision in the borough, it would also provide self-storage of a type and quality that is currently unavailable in Camden.

## 7 Employment from self-storage

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- 7.1 The Economic Statement accompanying the application for the redevelopment of Alpha House estimated that the 340 to 480 jobs would be supported by the new self-storage facility. By contrast in the Council's Statement of Case, it is suggested that there would be only 3-4 jobs.
- 7.2 In this section I will show why employment impacts are, in fact, likely to be very strongly beneficial.

### Direct and indirect employment

- 7.3 The erroneous suggestion that there will only be 3-4 jobs appears to rest on a misunderstanding of the meaning of "direct" and "indirect" employment. In economic assessment it is not about whether they are directly employed *by the actual owner of the building*, it is whether the jobs are directly due to the space provided. Direct employment includes not only the 3-4 staff employed by Big Yellow to run the store, but also people employed by the businesses that occupy the store. This would be the same, for example, with a WeWork or Regus type serviced office – the direct employment would include the tenants' employees working from the office space, not just the building manager's own staff on reception.
- 7.4 Indirect jobs, by contrast, would be people employed by other firms elsewhere, who supply the businesses who occupy the store. It is true that there are likely to be such additional indirect jobs, over-and-above those set out in the Economic Statement, but an assessment of those indirect benefits is necessarily uncertain and in any case would only add to the economic benefits of the scheme.

### Construction jobs

- 7.5 The biggest employment benefit from the proposals is from the permanent storage and office space it would provide for business occupiers. However, in addition there would also be temporary employment benefits from the demolition and construction stage. Based on the CITB construction labour model, this is likely to be around 35 full-time equivalent jobs for the approximately two-year duration of the construction.

### Self-storage jobs

- 7.6 Because self-storage is a relatively new sector in the UK, its employment impact has not been widely understood. The most commonly used guidance for job density of employment floorspace is the 2015 HCA guidance<sup>2</sup>, published at a time when self-storage sector was around half its current size. This includes a range of densities for traditional warehouses, from 70 to 95 sqm gross external area (GEA) per job, but it does not consider self-storage at all.

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<sup>2</sup> Homes and Communities Agency, Employment Density Guide 3<sup>rd</sup> Edition, 2015

7.7 To address this gap, Big Yellow commissioned me to study employment within their own stores. In 2018 I conducted a survey of business occupiers in Big Yellow stores across the country, the results of which were appended to the Economic Statement submitted with this application (CD-1.16). The headline findings of the survey have since been explored in more detail through one-to-one interviews with individual businesses.

7.8 To date, this work remains the most significant available evidence on the employment effects of self-storage. The main findings at the time of the 2018 survey were:

- The typical Big Yellow store was home to 105 businesses, employing more than 300 people
- That equated to around one job per 28sqm gross internal area (GIA) of self-storage across the entire Big Yellow estate
- For 60% of businesses, Big Yellow was the first space they had taken, confirming that self-storage is particularly attractive to growing start-ups, contributing to economic growth not simply displacing existing activity from elsewhere
- For half of the businesses, it was the only space they have, suggesting that self-storage is not peripheral to their business needs

7.9 One reason for the confusion in the Council's statement of case may be that businesses use self-storage in different ways. Employees are not necessarily present in the storage room 9am to 5pm, Monday to Friday as they might be in an office. In many cases they will work *from* the room, rather than *at* the room, but the space is still an essential requirement for them to be able to do their job.

7.10 To address this issue, the survey specifically asked respondents how many jobs they had been able to create or keep "*because of your space at Big Yellow*" (emphasis added). The person best placed to judge the degree to which self-storage space contributes to employment is the business owner or operator themselves, and this is the information we have used.

7.11 This employment survey evidence has been accepted previously at appeal for another Big Yellow store. In his decision on appeal ref APP/P3610/W/23/3324830 in Epsom, the inspector Mr Webb noted and accepted (paragraph 32) that it had been demonstrated that the site "would provide a beneficial employment use".

## **Jobs supported by the proposed building at Regis Road**

7.12 Applying the benchmark of 28 sqm GIA per job to the proposed 9,563 sqm building suggests that just over 340 jobs is likely. However, there are a number of reasons to regard that figure as conservative, and to expect that in fact employment would be higher than this.

7.13 At the time of the survey there were very few Big Yellow stores that included offices, and while the survey suggested job numbers were higher in stores that included offices, the number of responses were not sufficient to be statistically confident about this finding. Offices are now commonly included in new stores, and have proved popular with businesses, either as stand-alone premises, or in combination with storage space.

- 7.14 If the 28sqm benchmark density is applied only to the storage space, and the office space modelled instead with the higher HCA office densities of 10-13 sqm net internal area (NIA) per job, then an additional 20 to 30 jobs would be expected.
- 7.15 Another factor pointing to a higher likely level of employment is the rate of business use in self-storage. At the time of the survey 28% of space in Big Yellow was taken by businesses, and this was the factor used to scale the survey responses to arrive at an average employment density for self-storage.
- 7.16 Since then, business use of self-storage has grown, and it is also higher in London than it is nationally. This is reflected in Big Yellow's store on York Way, where 41% of space let has been taken by businesses, and in some stores it is even higher.
- 7.17 Allowing for the higher business occupation today, particularly the levels typical in London, would suggest that the likely employment from the proposed new store at Regis Road could be around 480 jobs, even without making additional allowance for the inclusion of offices.
- 7.18 Note that applying the 28sqm only to the fixed, non-demountable floorspace gives an estimated employment from the proposed new building of 145 jobs, or 205 jobs if uprated to the more up-to-date business take up of Big Yellow's lettings in London. However, given Big Yellow's operational approach, I regard inclusion of the mezzanines as the more realistic assessment of likely employment effects.
- 7.19 So in conclusion, my view, based on evidence of business occupiers in Big Yellow's existing stores, is that the most likely direct employment effect of the proposed new development would be 340 to 480 jobs. This would be a significant employment result. And with the survey suggesting take-up of space is likely to be disproportionately new firms and SMEs, the proposed store could effectively act as a sort of start-up incubator space for Kentish Town.

## 8 Additional employment benefits

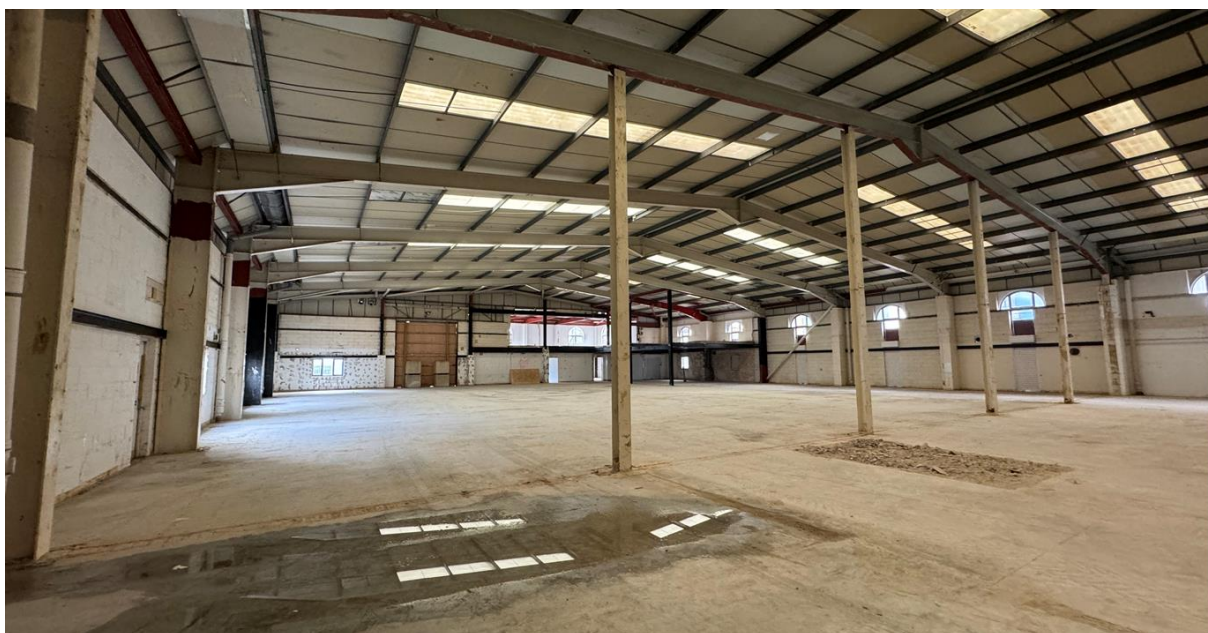
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- 8.1 The additional (gross) employment effects of the proposals need to be considered by comparing the 340 to 480 jobs expected in the proposed self-storage with the number of jobs in the theoretical “do-minimum” scenario of retaining and reoccupying the existing building (ie the “deadweight”, in economic assessment terms).

### Alpha House – likely employment

- 8.2 The floorspace of the building is not an agreed matter in the Statement of Common Ground. The most recent measurements (2023) of the building were taken by agents Telsar, in order to market the building to prospective occupiers. This showed the building to be 1,716sqm GIA in total, of which 1,620sqm was ground floor warehouse, and 97sqm was first floor storage.
- 8.3 The existing building is nearly 40 years old, and is not a high-quality space, but would still be suitable for warehouse use.

Figure 8.1. Current Interior of Alpha House (2024)



- 8.4 HCA guidance suggests a range of 70 to 95 sqm GEA per job for storage and distribution. Taking the existing floorspace of 1,716 sqm GIA, and assuming a standard ratio of 95% to convert GIA to GEA, that suggests a current size of 1,806 sqm GEA. Even using the highest density HCA figures, that suggests that the likely employment if the current building were re-occupied would be around 26 jobs, although it is currently empty.



## Additional employment benefit of the self-storage proposals

- 8.5 Given that the current building, if re-occupied, would be most likely to accommodate around 26 jobs, and the proposed self-storage would allow 340 to 480 jobs, the effect of the proposed development would be an increase in jobs from this site of 317 to 458 (including the 2-3 people employed by Big Yellow itself).
- 8.6 That is a very significant intensification to make best use of the site, providing a big increase in employment floorspace, and providing a home for more than a hundred businesses at the heart of the employment-led regeneration of Kentish Town.

## 9 Summary and Conclusions

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9.1 I have shown in my evidence that the proposals would offer a very significant employment-led intensification of the site, in line with the aspirations for the area. Specifically, in response to the Council's Statement of Case, I have shown that:

- The exceptional flexibility of self-storage makes it especially attractive to many businesses – with short lease commitments, a variety of sizes and types of spaces, simple all-inclusive costs, and convenient on-site services.
- There is a strong need for such space in this location. Current industrial and Logistics space in Camden is expensive despite being of poor quality, with very limited availability (practically non-existent for smaller spaces).
- Demand for self-storage has been growing rapidly, and Camden is under-served, with no purpose-built modern self-storage facility in the borough.
- The likely employment effect of the proposed redevelopment would be an increase of employment from the site of 317 to 458 jobs, when compared to re-occupation of the existing building, as well as around 35 jobs in construction.

9.2 On this basis, the public benefit of the proposal is very clear.

## Annex 1 – illustrative case studies

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This section provides five case studies of existing self-storage business customers (at Big Yellow's Fulham store) to illustrate how and why businesses use Big Yellow storage space.

### MeMe London - 5 jobs

MeMe London is a wholesale and online jewellery retailer, which imports from overseas and distributes to a range of UK buyers.

The business was started at home in West London over eight years ago – MeMe's business partner Catherine Baker notes *"we used to have sheds in our gardens bursting with stock"*. As the business grew and took on employees (currently five in total), managing it from home became unviable - storage alongside office space was needed.

After four years, MeMe London rented a storage unit at Big Yellow Fulham which is opposite Catherine's home. They also have a small office a mile up the road in Parsons Green.

The Big Yellow unit is used to receive, book, label and store stock. Catherine explained that it's essential the storage space is near the office as everything is stored at Big Yellow (except a few items in the office for online sales), and so the staff frequently need to move between the two locations to manage stock and sign off orders for collection.

*"Ideally our storage and office space would be in the same location but there are no options in Fulham"*. Originally MeMe London looked at Big Yellow Battersea because although it was further away it had the benefit of providing office space alongside storage, but there was no availability at the time, and so Big Yellow Fulham and a separate office up the road worked well for them.

The additional services Big Yellow provides allows the business to run smoothly: *"when you can't be on-site, the staff at Big Yellow can accept a delivery for you and notify you when its arrived – I wouldn't be able to operate without them, they are so helpful"*.

The flexibility of space Big Yellow offers has also been key, with MeMe London scaling up or down their use of Big Yellow space depending on the size of deliveries from China. The facilities Big Yellow offers are also highly valued with pump trucks and forklifting proving essential to the business's distribution activities.



## Michael Barnes London Ltd – 1 job

Michael Barnes London is a supplier of contemporary European interior accessories (such as handles, knobs, hooks and brackets). Set up by Michael over twenty years ago, the business imports products from Italy and Spain and sells wholesale to architectural ironmonger stores in London and the South East.

When the business first started Michael privately rented a warehouse on the outskirts of London but due to pressures in the market this became unviable – *“it got far too expensive – warehouses are thin on the ground these days. So many have been turned into flats which means you just can’t get a warehouse to rent”*.



Initially Michael moved to another self-storage space in London but found it poor quality and so chose to move to Big Yellow Fulham around 10 years ago as it is close to where he lives in Fulham – *“it was ideal for me – for convenience and ease of running the business. It was important to me that I’m five minutes away”*.

Apart from the Big Yellow space, Michael works from home and has an office near Putney Bridge station for his business address and post only.



Michael notes that a big benefit of Big Yellow is that the store’s staff can receive shipments on his behalf, which greatly helps with the running of the business. Once notified the goods have arrived, Michael goes across to the store to process the stock and store it until it is dispatched to the ironmongers for sale.

The high quality, modern space that Big Yellow offers and the efficiency in which the store is run are big positives for Michael. He reiterates that *“it’s extremely*

*difficult to find alternative space in London which provides affordable and high-quality storage for a small-scale business”*.

## Lavender Hill Clothing – 2 jobs



Lavender Hill is a sustainable clothing company set up by Isobel Ridley in 2013. Products from across Europe are shipped to Isobel's unit in Big Yellow Fulham where they are sold direct to consumers via the company website. The unit is used to receive, store, pack and issue orders by Isobel and her one employee.

For the first year and half Isobel operated from another company's self-storage facility in Battersea but found the facility unsafe and poor

quality. So instead she moved to Big Yellow Fulham, attracted to the store by the proximity to her home and office which are both within a 10 minutes' walk. The store is also within a 10 minutes' walk for her employee who also lives locally.

Isobel has found Big Yellow *“fantastic since day one – clean and safe with really good security procedures”*. Compared to traditional warehouse space, Isobel notes that Big Yellow reduces her administrative time and costs – *“Big Yellow handle everything from electricity to security, and there's always someone there to accept deliveries”*.

The “incredible flexibility” that Big Yellow offers is also highly valued by Isobel – *“flexibility is essential to start-ups like mine, who could never take the risk of a traditional 10-year lease on warehouse space – Big Yellow reduces the barrier to entry for businesses”*. It has meant she can increase or decrease the space she has regularly, only paying for what she needs, which is particularly important for a retail business that can be seasonal and that sometimes receives big deliveries.

Lavender Hill also benefits from the network of other small businesses in the Big Yellow Fulham store, Isobel notes that she has found it really useful talking to them – *“everyone helps each other out”*. And she has noticed that a lot of other businesses in the store also employ local people.

If Big Yellow was not an option, the business would likely have to rely on a fulfilment service company instead which could be outside London, however Isobel acknowledges this would be more expensive, less convenient (such as for inspecting stock and arranging returns) and would mean not having employed someone locally.



## Eco Friendly Tiles – 4 jobs

Set up in 2002, Eco Friendly Tiles specialises in high quality design with verifiable eco-credentials. Importing from Italy, tiles are distributed to large scale construction projects across the UK, but primarily central London. The business has four employees in total, all of whom live in Fulham or Hammersmith.

Due to the scale of orders, tiles are shipped from Italy direct to project sites, whilst storage at Big Yellow is used for sample stock which are essential to the business's sales. Samples are received from Italy, sorted and stored at Big Yellow and sent out to architects on request to inform project planning. Samples are also received back to the Big Yellow store to be recycled where possible.



Brandon, the company's founder, explained that the business has relied on Big Yellow storage space for sample stock since 2008.

In looking for storage space, Brandon was attracted to the high quality, professional facilities Big Yellow offers with secure all-hours access and in close proximity to his home. This was something he struggled to find elsewhere in the area but was particularly important to the business due to the need to access samples out-of-hours.

Brandon also noted many of the alternatives he came across when looking in 2008 were converted warehouses which did not function well as self-storage units for businesses as they did not flow well inside. In contrast, as Big Yellow Fulham is purpose built, the space is efficient and legible which makes working with heavy stock much easier to manage.



Currently Eco Friendly Tiles rents a 1,000 sq ft storage unit at Big Yellow, but frequently scales up when new orders come in – *“if an order comes in and we don't have space in the main unit, I can hire another room for a few weeks until we have time to sort and store the tiles – this is a big benefit”*.

## Cheeky Cherub – 2 jobs (with plans to hire 2 more)

Cheeky Cherub is an online marketplace to buy and sell pre-loved luxury children's clothing and accessories. The business was started in 2020 at home by co-founders Lucy James and Erika Abd-Allah, quickly growing from a network amongst friends to becoming a popular online retailer.

Cheeky Cherub offers a full end-to-end concierge service for its sellers - they take care of everything from arranging courier collections to the photography, descriptions, uploading to their website as well as the fulfilment of all sales.



With the launch of their website in November 2020 the scale of stock rapidly increased and so it was essential the business had a suitable space to store and process items. Lucy explained that in their hunt for storage they looked at a number of options but *“the main issue was finding a unit locally that was big enough to accommodate the width of our photography set and had good accessibility – this was hard to find”*. She went on to say that *“many of the alternatives we looked at either weren't the right size, were low quality or had poor accessibility such as steps or narrow lifts which would have made it hard getting stock in and out – the other options were not user friendly”*.



But with Big Yellow Fulham, Lucy and Erika found it met all their requirements – the space was chosen as it is local to both the co-founders, is accessible and competitively priced – *“being a start-up, pricing makes a big difference to us”*. Lucy also praised the proactive and helpful Big Yellow reception staff, for collection and sending of parcels, and high-quality amenities which all make operating the business easier.

The business has experienced rapid growth and so since February 2022, items which have been processed, described and photographed at the Big Yellow Fulham unit are sent to a fulfilment facility to be stored and dispatched to buyers.

With the rapid growth of the business, Lucy and Erika are planning to hire two additional employees.

## Annex 2 – Property Market Assessment

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Attached, Savills report



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# 24-27 Regis Road, LB Camden

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## Property Market Assessment



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## Executive Summary

This report has been prepared by Savills as supporting evidence for Big Yellow’s proposed redevelopment of the employment premises at 24-27 Regis Road, London Borough of Camden (LBC) for storage and offices accommodation. It is anticipated that about 40% of the premises’ floorspace would be used by businesses. Big Yellow’s planning application was refused in August 2023 and the company is appealing the decision. The relevant part of LBC’s reason for refusal which most informs this report is that *‘the proposal..... fails to promote the most efficient use of land’*.

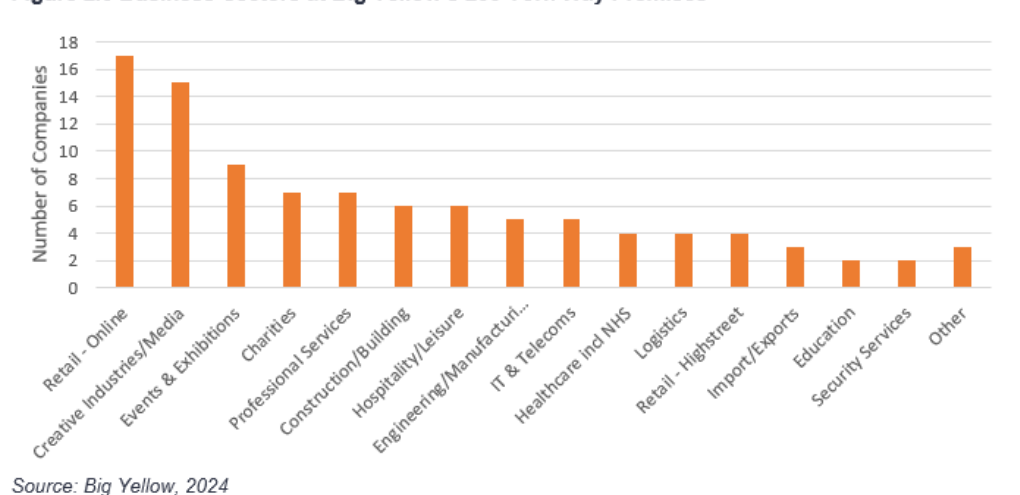
This report assesses property market evidence to determine the extent to which the proposed development meets an identified economic need in LBC. The report concludes that the scheme would address the ongoing acute shortage of small scale employment premises and would meet the needs of a variety of businesses seeking small premises and storage space (defined as 10 sq. ft to 2,000 sq.ft) in the borough.

LBC’s local plan and evidence base recognise the historic loss of industrial premises in the borough and the ongoing shortage of premises. The policy framework supports development of new employment premises to ensure an inclusive economy which particularly meets the needs of local small and medium sized enterprises (SMEs) and start-ups. The proposed development represents a valuable opportunity to contribute to LBC’s vision for an economy that is inclusive and promotes a range of growth sectors.

### ***The Proposed Development Would Significantly Intensify An Existing Employment Site and Provide Capacity to Support Local Businesses***

The proposed development would nearly triple the site’s current employment uses and enhance its ability to meet the needs of the LBC’s businesses and residents. A significant share of the employment floorspace would be small-scale storage units (between 10 sq.ft and 2,000 sq.ft). Experience at Big Yellow’s other London premises suggests that about 40% of the floorspace would be used by local businesses and SMEs to manage their goods and provide local services.

**Figure 2.5 Business Sectors at Big Yellow’s 200 York Way Premises**

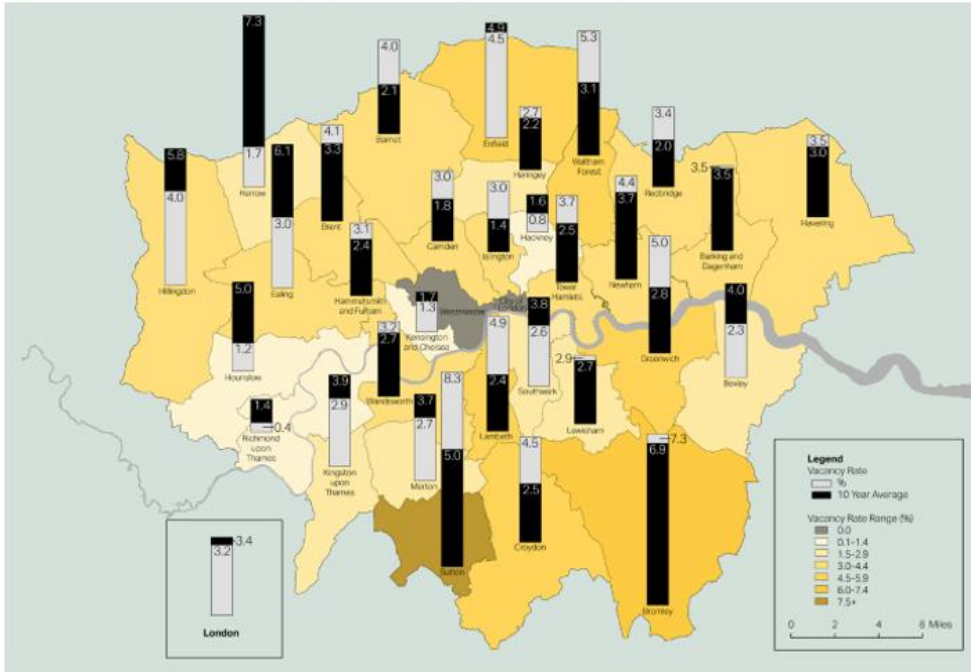


In Section 2 of this report, we present a case study of an existing Big Yellow premises situated on LBC’s border with London Borough of Islington. The 103,000 sq.ft premises was opened in 2023 and is now one-third occupied. About half the occupied floorspace is used by about 100 small businesses from a wide

range of sectors. Many of these businesses and their workers will be residents of LBC, given the premises location. The figure to the left presents the range of sectors and number of tenants in the facility. Once the premises are full, we estimate it will be used by around 300 local businesses.

**The London Plan Evidence Base Finds That Camden is Acutely Supply Constrained, Having Some of the Lowest Vacancy Levels and Highest Rents in Greater London**

Figure 3.1 Vacancy Rate of Employment Land by London Borough



Source: London Industrial Land Supply Study 2020 (2023)

The recently published London Industrial Land Supply Study identified LBC as having one of the tightest I&L markets in Greater London. It has an average vacancy rate over the past decade of 1.8%. The borough is also identified as having the highest rental levels:

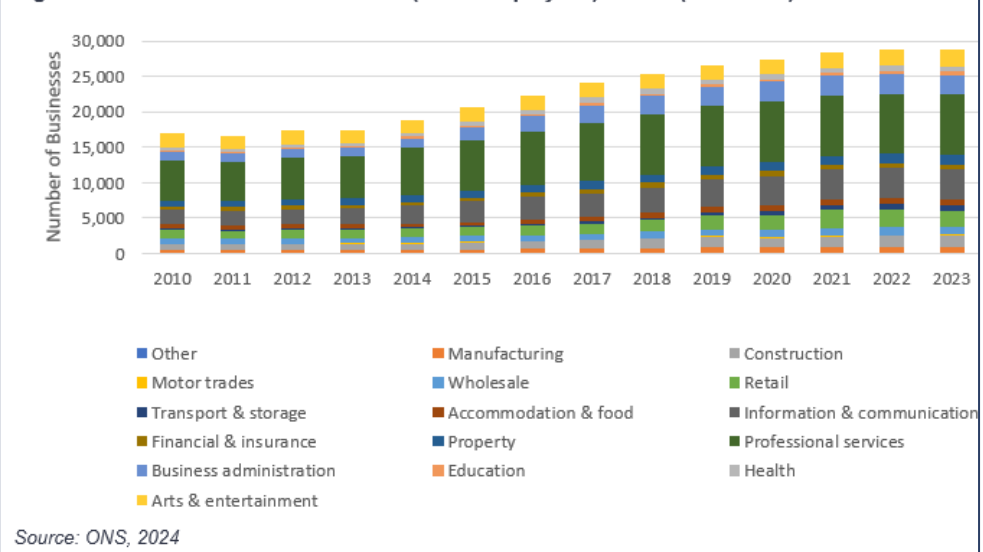
*‘At the borough level, the highest rental values are recorded in Camden £28 p/ft<sup>2</sup> / £302 p/m<sup>2</sup> (excluding those Central London boroughs with typically very few transactions) (page 131)’.*

The report also showed that LBC had virtually no vacancy for premises below 5,000 sq.ft. This corroborates our own property market assessment.

**The LBC Local Plan Identifies Need to Support SMEs. The Evidence Base Shows Employment Floorspace Loss and Acute Shortage of Small Premises**

LBC’s local plan seeks to create an inclusive economy and the intensification of employment uses through redevelopment to address the challenges of a highly constrained property market that is impacting local businesses. The evidence base documents conclude that the market lacks sufficient modern premises to meet the needs of businesses. However, LBC’s report on the property market concludes

Figure 3.4 Growth in Small Businesses (0 to 4 Employees) in LBC (2010-2023)



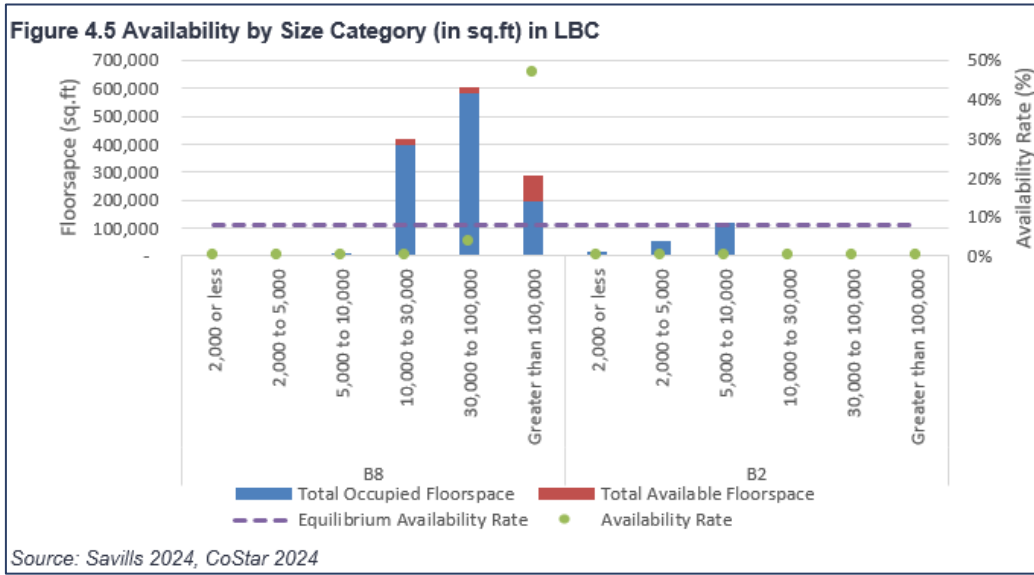
Source: ONS, 2024



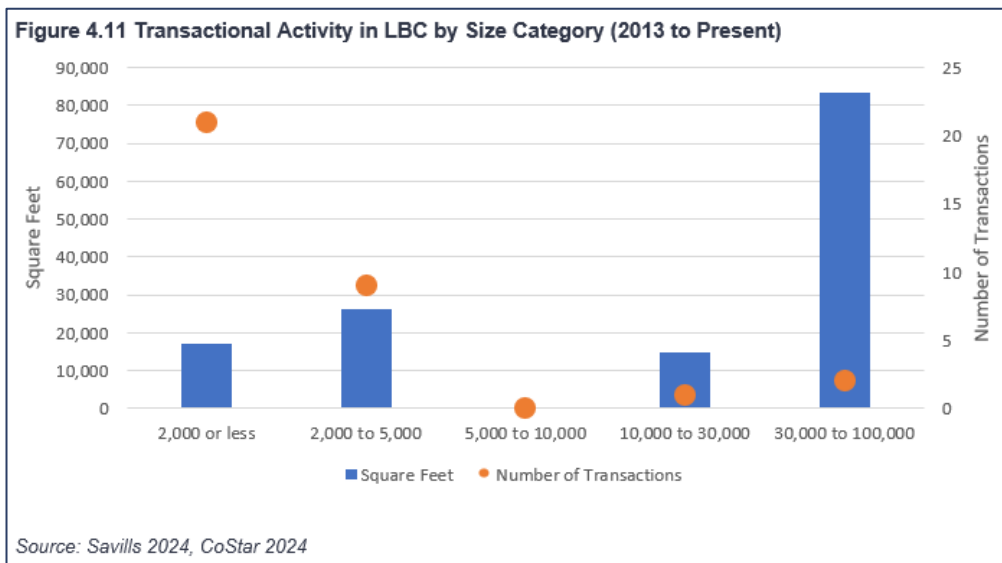
that 'intensified typologies that deliver additional floorspace on the same land areas are less likely to come forward and be successful in Camden' (page 160, LBC Economic Needs Assessment). However, this report finds that there is strong demand for such premises. Data from the Office of National Statistics shows the LBC's small businesses (employing between 0 and 4 employees) are growing at a rate of about 4.2% per annum. This sector continues to generate strong demand for small premises.

**LBC Has Virtually No Small Premises; Its B2 and B8 Use Class Inventory is Primarily Oriented Towards Larger Premises**

LBC's industry and logistics (I&L) inventory has diminished significantly and what remains is oriented towards larger occupiers. Within the B8 Use Class sector, there is virtually no availability of smaller premises. The quality of LBC's I&L premises are of average or below average quality, particularly for small premises. The tight conditions have resulted in rental growth of close to 8% per annum which puts considerable pressure on smaller occupiers who have less financial capacity to sustain such costs.



**In Spite of the Limited Supply, Demand for Small Premises in LBC is Strong From a Variety of Sectors**



Given the shortage of accommodation, overall transactional activity has been limited in LBC. However, transactional activity over the past decade has been dominated by take-up of smaller premises (less than 2,000 sq.ft). The companies that have secured smaller premises in the borough come from a wide range of sectors, some of which are not considered to be traditional occupiers of industrial premises.

This includes the creative sector and professional services. This is consistent with the types of occupiers that are found in Big Yellow's recently completed premises presented in the case study.

# 1. Introduction

## 1.1. Overview and Summary

- 1.1.1. Big Yellow submitted a planning application in January 2023 for the proposed redevelopment of the employment premises at Alpha House, 24-27 Regis Road in London Borough of Camden (LBC) for the development of storage and offices accommodation. The proposal would provide accommodation for self-storage to meet the needs of both residents and businesses. A significant proportion would be used by small and medium-sized enterprises (SMEs) and start-ups.
- 1.1.2. The planning application was refused in August 2023. Big Yellow is appealing the decision. The relevant part of LBC's reason for refusal which most informs this report is taken from reason 1:

*'The proposal..... fails to promote the most efficient use of land'.*

- 1.1.3. Savills was commissioned by Big Yellow to research and assess relevant evidence about the industrial property market and determine the extent to which it indicates that the proposed development meets an identified market need.

## 1.2. Method

- 1.2.1. This following sets out the method used by Savills to assess the I&L market:

- **Step 1 – Review the site and the proposed development**
- **Step 2 – Review the relevant planning policies and evidence from different local authorities and other public sources**
- **Step 3 – Define the relevant property market areas (PMAs):** We identify the relevant geographies within which to assess relevant property market data.
- **Step 4 – Property Market Assessment:** We analyse the key I&L supply and demand metrics and draw conclusions about the markets that are relevant to the consideration of the proposed development. The particular focus is on the B8 floorspace market but also consider B2 floorspace.

On the demand side we assess historic performance and the drivers of demand, particularly for the type of premises that are proposed by Big Yellow.

On the supply side we evaluate current and anticipated future supply of premises. There is a particular focus on small sized accommodation which is most relevant to the proposed development.

- **Step 5 – Assess the Supply-Demand Balance and Draw Key Conclusions:** The comparison provides a view as to whether existing available premises and anticipated supply are sufficient to meet the needs of the market, particularly for SMEs and other smaller occupiers.

## 1.3. Structure

- **Section 1 – Introduction:** Summarises the approach to the market assessment, the purpose, and the key findings.

- **Section 2 – Site and Development Context:** Provides an overview of the subject site and the development proposal.
- **Section 3 – Review of Policy & Evidence Base:** Summarises the relevant planning policy and associated evidence bases.
- **Section 4 – Key Trends in the Market:** Presents relevant evidence
- **Section 5 – Conclusion.**

## 2. The Site, Existing Use Site & Proposed Development

### 2.1. Introduction and Summary

2.1.1. This section provides an overview of the existing premises at the subject site and the proposed development. It also considers the site within its wider spatial context and identifies its locational advantages and access to transport.

2.1.2. The key conclusions from this section are:

- The site is situated within one of LBC's most significant employment areas and is in a location that can meet the requirements of both local businesses, emergent companies and residents who require self-storage facilities.
- The proposed development has the potential to achieve a five-fold increase in the site's employment floorspace (from 1,716 sq.m to 9,563 sq.m). The site's intensified and modern format would likely enhance its ability to meet the needs of the area's businesses and residents.
- A significant share of the premises would be small-scale storage units (ranging from 10 sq.ft to 2,000 sq.ft). Based on Big Yellow's experience in other London premises, we estimate that around 40% of the floorspace would be used by local businesses and SMEs to manage their goods. This would be complemented by office space.
- Big Yellow's facilities are often used by small businesses because they offer flexible leases and layouts that can be adapted to their evolving needs. New, small businesses often lack the financial resources and revenue that enable them to enter into longer-term leases. Big Yellow's facilities and services meet local business needs and facilitate business growth in an area.
- The case study of a Big Yellow premises on the border with LBC highlights the variety of SMEs and start-ups that use their facilities. The companies represent sectors of the economy that are not traditionally viewed as industrial including creative industries & media (15 companies), events & exhibitions (9 companies), professional services (7 companies) and other office and service-sector companies.

### 2.2. Site and Existing Use

2.2.1. The subject site is approximately 0.36 ha and the current employment premises is known as Alpha House which is a two-storey warehouse-style building completed in 1987.

2.2.2. Alpha House is currently vacant but was most recently used for a combination of warehouse and office activities. The premises as currently configured include about 1,716 sqm (GIA) of B8 floorspace.

2.2.3. **Figures 2.1 and 2.2** are images of the premises.

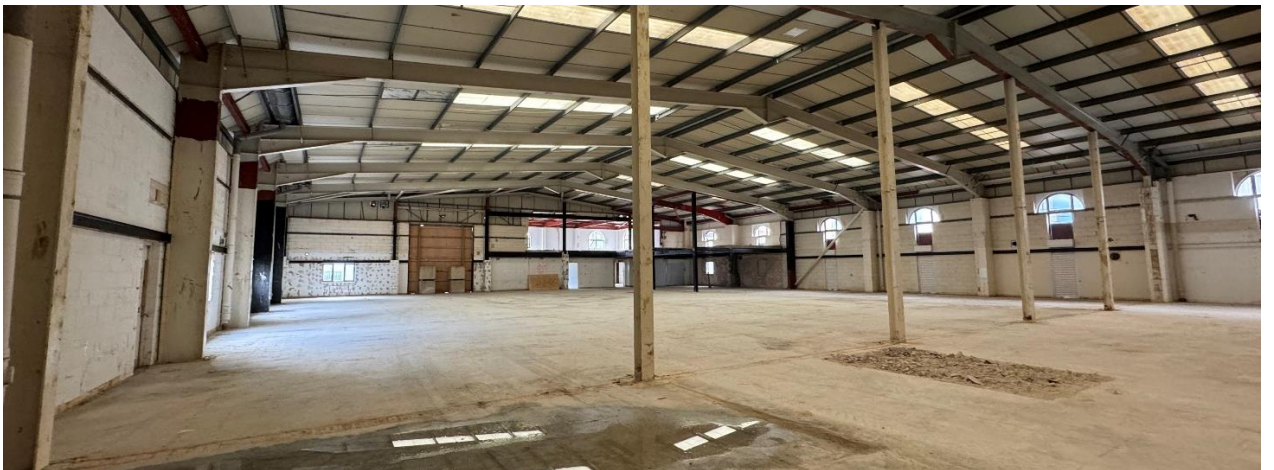


Figure 2.1 Existing Alpha House Elevation



Source: Google, 2024

Figure 2.2 Existing Alpha House Interior



Source: Big Yellow, 2024

## 2.3. Spatial Context

- 2.3.1. **Figure 2.3** shows the site in its wider spatial context. The site sits in a commercial and industrial cluster. It is also close to Kentish Town High Street which is one of the main shopping and business areas in the borough. The area is surrounded by densely populated residential neighbourhoods.

Figure 2.3 Subject Site and Wider Spatial Context



Source: Kentish Town Planning Framework, 2020

2.3.2. There are several existing self-storage premises in the borough but none are purpose built. **Table 2.1** shows that most of the self-storage premises are converted car parks with limited amenity.

**Table 2.1 Existing Self-Storage in LBC**

Operator	Address	Building Type
Safestore	BST Mayford, Chalton Street, NW1 1NX	Converted car park
Safestore	Alligator Storage at Plender Street, NW1 0HA	Converted car park
Shurguard	145-147 York Way, N7 9LG	Converted industrial
Shurguard	Denton Car Park, Malden Crescent, NW1 8BS	Converted car park
Shurguard	19 Greenwood Place, NW5 1LB	Converted industrial
Shurguard	1 Stanhope Street NW1 3FL	Converted car park

Operator	Address	Building Type
Shurguard	3-16 Woburn Place WC1H 0ND	Converted car park
Space Station	15 Kingsgate Place NW6 4TA	Converted car park
Space Station	48 Boundary Road, NW8 0HJ	Converted car park
Storage in Camden	38 - 40 Pratt St, NW1 0LY	Converted car park

Source: Quod, 2024

## 2.4. Proposed Development

- 2.4.1. **Figure 2.4** presents an image of the proposed development. The scheme comprises five storeys and up to a total of about 9,563 sq.m (GIA) if the mezzanine levels are included. (Without the mezzanine, the scheme comprises about 4,087 sq.m.) The total area includes 566 sq.m. of flexible office space. With the mezzanine level, the proposed development represents a total net increase of about 7,847 sq.m.
- 2.4.2. The self-storage element of the proposed development would be used by business and residents. Businesses use self-storage premises in a range of different ways that support their commercial activities. For many businesses, the self-storage is used as a base location where stock and equipment can be stored or assembled before the delivery of goods and services to its customers.
- 2.4.3. The attraction of self-storage for small businesses is that it offers flexible, secure premises at a transparent, predictable and affordable cost. These terms are particularly attractive to SMEs and start-ups, many of whom operate with limited financial resources or ability to commit to more expensive long-term leases. The flexible lease terms and layouts of the premises can be adapted to the evolving needs of small businesses in their early growth phase.
- 2.4.4. The proposed office element would be oriented specifically towards SMEs and would be available at the same flexible rental terms as the self-storage element. The units would be between 10 and 50 sq.m. The offices would be a new, highly accessible business hub a short walk from Kentish Town High Street.
- 2.4.5. Big Yellow estimates that approximately 40% of the self-storage floorspace will be used by businesses, predominantly SMEs and start-ups. The proposed development will have a variety of different-sized storage units, many of which be in a range between 10 sq.ft and 2,000 sq.ft.

Figure 2.4 Proposed Development



Source: MountfordPigott

## 2.5. Big Yellow Case Study

- 2.5.1. This section presents the occupier characteristics of an existing Big Yellow premises located on York Way in LB Islington. York Way forms the boundary between LB Islington and LBC. The site is situated on the northern edge of the Kings Cross regeneration area and meets the needs of businesses and residents primarily in LB Islington and LBC. The accommodation provides storage and office premises for businesses and local residents. **Figure 2.5** is an image of the building.
- 2.5.2. The premises were opened in June 2023 and are approximately 103,000 sq.ft (NIA). According to Big Yellow, premises typically take three to four years to reach about 85% occupancy. About a third of the premises (35,000 sq.ft) are currently occupied and about half of the occupied floorspace is used by about 100 businesses across a wide range of sectors. Although slightly smaller than the proposed premises, it would be similar in terms of the occupation and use by businesses.

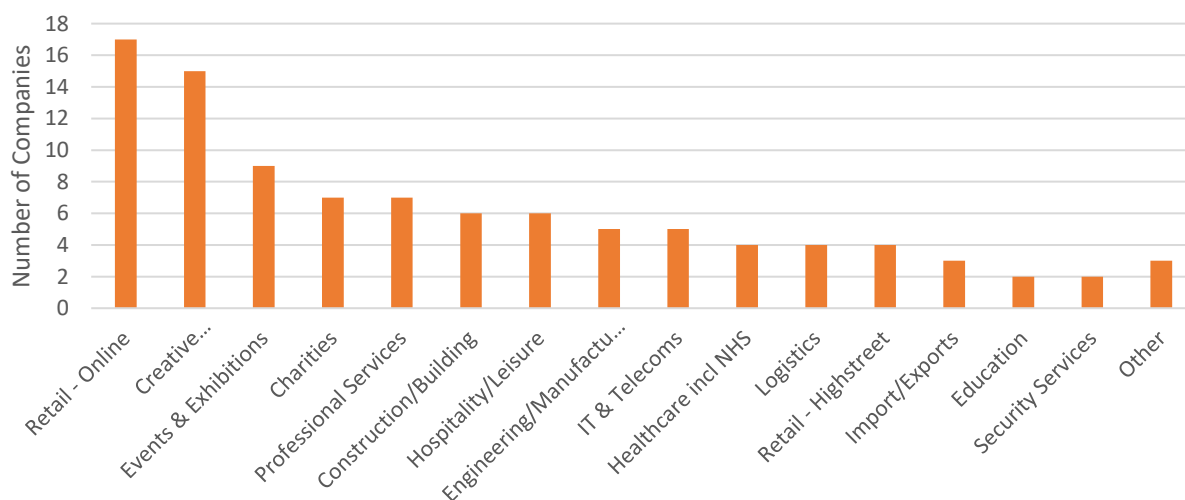
Figure 2.5 Big Yellow’s 200 York Way, Kings Cross Development



Source: Big Yellow, 2024

2.5.3. **Figure 2.6** shows the industry sectors within which the tenants at York Way operate. The largest sectors are online retail and creative industries/media. However, there is a wide variety of sectors found in the premises. The building is currently a third full and the expectation is that there would eventually be about 300 small businesses using the premises.

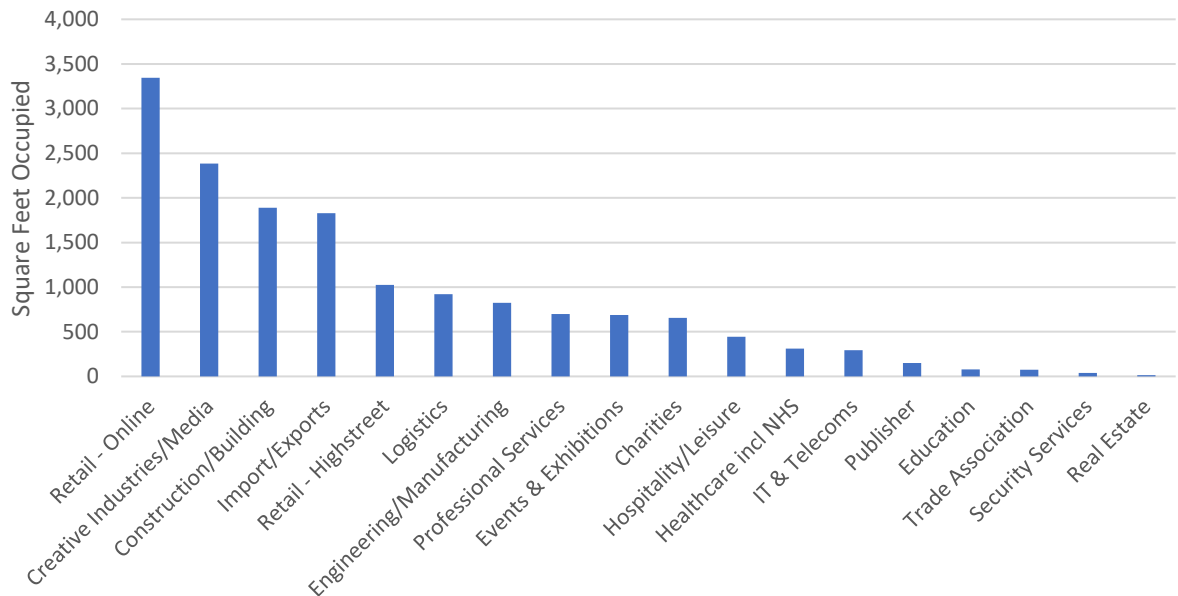
Figure 2.6 Business Sectors at Big Yellow’s 200 York Way Premises



Source: Big Yellow, 2024

2.5.4. **Figure 2.7** shows the occupation in the York Road facility by business sector and the total square feet occupied. It further demonstrates the wide range of sectors which utilise Big Yellow’s services.

**Figure 2.7 Business Sectors at Big Yellow’s 200 York Way Premises by Square Feet Occupied**



Source: Big Yellow, 2024

## 3. Review of Policy & Evidence Base

### 3.1. Introduction & Summary of Findings

3.1.1. This section reviews the relevant employment land policies and evidence base documents and sources. The key findings are:

- The London Plan 2021 seeks to achieve the intensification of industrial uses and to ensure that there is sufficient land and premises to meet the needs of the economy. This includes meeting the needs of SMEs and other small companies. It requires the maintenance of sufficient vacant premises.
- The London Industrial Land Supply Study is the most recent survey of industrial land and premises for Greater London. The findings for LBC are that it has:
  - One of the lowest vacancy rates in Greater London
  - Is amongst the local authorities with the oldest stock in Greater London
  - Has virtually zero vacancy rate in its small industrial premises (below 5,000 sq.ft), and
  - Has one of the highest rental levels (£28 per sq.ft) and capital values in Greater London.
- The Camden Local Plan (2017) seeks to establish an inclusive economy to support local business of all sizes, particularly start-ups and SMEs. It also seeks to intensify employment uses through the redevelopment of sites. It should provide premises for identified growth sectors such as creative industries. The Draft New Camden Local Plan seeks to maintain the same goals as the existing plan and is focussed on addressing the challenges of a constrained property market that is putting pressure on small companies.
- LBC's Economic Needs Assessment (ENA) says that the subject site is located in an area that should be intensified for more industrial floorspace. The ENA highlights the acute shortage of premises for SMEs and other small companies. The report suggests that the rents in LBC are low and this is because of the small market and low demand. However, evidence suggests the market does not have sufficient modern premises to meet the need of business and that underlying demand is strong. This is corroborated by the GLA and our own market assessment. The ENA has two scenarios for the future demand for industrial premises and chose the one with negative need for B2 and B8 floorspace. The methodology is flawed and ignores strong underlying demand, especially from SMEs and smaller companies. The report also assumes that proposals for successful intensified industrial premises are less likely to come forward in the borough. However, the proposed development is an example to the contrary.
- According to Camden's Authority Monitoring Report (AMR) (2023) LBC experienced a net loss in both B2 and B8 floorspace every year between 2014 and 2020. Over the same period, planning permissions indicate that the losses are continuing.
- Data from the Office of National Statistics shows the LBC's small businesses (employing between 0 and 4 employees) are growing at a rate of about 4.2% per annum. This is likely to be generating healthy demand for small premises.

## 3.2. Greater London Policy and Evidence Base Documents

3.2.1. The London Plan 2021 shapes sustainable development. One of the key Good Growth objectives is GG5: Growing A Good Economy. The objective is to have inclusive economic growth and enhance London's global competitiveness. Planning and development should plan for sufficient employment and industrial space in suitable locations to support economic development (p.24).

3.2.2. **Policy E2, Providing Suitable Business Space** highlights the importance of providing and protecting floorspace for a range of employment sectors. This ensures that the needs of micro, small and medium-sized enterprises are met (p.242).

3.2.3. **Policy E4 Land For Industry, Logistics And Services To Support London's Economic Function** states:

*'A sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions should be provided and maintained, taking into account strategic and local employment land reviews'* (p.247).

*'This should make provision for the varied operational requirements of storage and logistics/distribution (Use Class B8)'* (page 247) and *'flexible (B1c/B2/B8) hybrid space to accommodate services that support the wider London economy and population.'* (p.248)

3.2.4. **Policy E7 Industrial Intensification, Co-location and Substitution** states local policies should proactively encourage and explore the opportunities to intensify industrial activities on industrial land to deliver additional capacity and co-locate with other compatible land uses where appropriate (p.268).

3.2.5. The narrative associated with the policy says:

*'Boroughs should take a proactive approach to the management of vacancy rates to reach a level appropriate to the efficient functioning of the industrial market (considered to be 8% for floorspace)'* (p.260).

### **London Industrial Land Supply Study 2020 (2023)**

The document is the GLA's most recent survey of employment land. It provides analysis of the sector across London and at the local authority level. At the time of the study in 2021, LBC had a vacancy rate of 3.0%. The average vacancy rate in LBC over the preceding decade was 1.8%. This was one of the lowest levels of vacancy in Greater London. The vacancy rates across the different local authorities is shown in **Figure 3.1**.





### 3.3. London Borough of Camden Policy and Evidence Base Documents

#### *Camden Local Plan 2017*

- 3.3.1. LBC's employment land policies set out the aspiration for an inclusive economy by creating the conditions for economic growth and harnessing the benefits for local residents and businesses. It encourages provision of employment premises and sites to support a diverse economic base.
- 3.3.2. **Policy E1 Economic Development** aims to support local businesses of all sizes, particularly start-ups, small and medium-sized enterprises (SMEs) (p.165). The Local Plan states that premises suitable for SMEs are under pressure from rising land values, limited land availability and permitted development rights (p.166).
- 3.3.3. **Policy E2 Employment Premises and Sites** provides guidance on intensifying the redevelopment of sites suitable for continued business use. Suitable proposals should improve functional efficiency and preferably increase the quantum of employment floorspace and job opportunities on sites. Existing businesses should be retained on sites, especially warehouse/logistic uses that support the Central Activity Zones (CAZ) or the local economy (p.175). Proposed floorspace should be flexible, accommodate various business types and meet their likely needs, especially SMEs and businesses in identified growth sectors (e.g. creative industries) (p.176).

#### *Draft New Camden Local Plan Regulation 18 Consultation Version (January 2024)*

- 3.3.4. LB Camden is preparing a new local plan to guide development in Camden for the next 15 years (2026-2041). This will replace the Camden Local Plan 2017 and is planned for adoption in Winter 2025-Spring 2026. The Draft New Local Plan's employment land policies share a similar vision and identify challenges in the borough similar to those of the Camden Local Plan 2017.
- 3.3.5. Draft Policy IE1: Growing a successful and inclusive economy aims to deliver an inclusive economy by maximising opportunities for economic growth and ensuring a continuing supply of employment land and premises. It will use planning powers to support businesses, prioritising space delivery for key growth sectors, research-based activities, start-ups, smaller businesses and social enterprises (p.253).
- 3.3.6. It seeks to respond to the following challenges in Camden:
- High demand for large corporate office space, limited land availability and the introduction of permitted development rights disproportionately affect start-ups, smaller businesses and not-for-profit organisations to find fair and affordable workspace in Kentish Town (p.252, 254)
  - Insufficient supply of premises to support the growth of emerging sectors and a limited supply of sites for specialist uses. Vacancy rates of industrial premises are close to zero and there have only been a few recent additions (p.254, 261); and
  - More industrial buildings would struggle to meet tightened energy efficiency standards without timely intervention (p.252).
- 3.3.7. Draft Policy IE3: Industry prioritises the retention of industrial and warehousing land and guides such developments (p.260). The Draft New Camden Local Plan identifies site allocations as a key focus to intensify existing underutilised sites as part of a comprehensive development (p.261). The Proposed

Development is located within a mixed-use allocation (C2 – Regis Road and Holmes Road Depot).

- 3.3.8. Draft Policy IE4: Affordable and Specialist Workspace requires development proposals to contribute to a diverse range of affordable workspace suitable to meeting the needs of SMEs, the voluntary and community sector, and local social enterprises (p.263). LB Camden also adopted an Affordable Workspace Strategy in 2023 to set out how to increase the supply of affordable workspace (p.262).

***London Borough of Camden Economic Needs Assessment Final Report (December 2023)***

- 3.3.9. The Economic Needs Assessment (ENA) is the most recent analysis of employment land and premises by the council. It is an evidence base document that informs the Draft New Camden Local Plan.
- 3.3.10. The assessment found 34.9ha of industrial land (Use Class E(g)(iii), B2, B8) within LB Camden. This is a decline from the 36.1ha found in the London Industrial Land Supply (LILS) Study in 2020.
- 3.3.11. The ENA reviews LBC's employment clusters. The subject site is located in Surveyed Employment Cluster C8 – Regis Road. The report identifies an opportunity to further intensify or redevelop the area to increase industrial space.
- 3.3.12. The report analyses the different employment premises sectors. The industrial market (Use Class B2) is characterised by floorspace that is primarily occupied by SMEs occupying small-to-medium sized properties. There are no premises over 1,000 sqm. At the time of the report there were no vacant B2 premises in LBC. Given the tight market, there was virtually no net take-up in the borough between 2014 and 2022. The report notes that the industrial market in LBC is small but is characterised by stable demand. The report notes that rents have fallen in the borough and says that this may be in part explained by the market's small size and few transactions. However, our observation is that the tight market and loss of floorspace means that the observed rental levels are not reflective of the underlying market and that if new floorspace were brought to the market, demand would be strong.
- 3.3.13. The report demonstrates that LBC's warehouse market (Use Class B8) is dominated by larger premises. **Table 3.1** shows the warehousing stock by premises size in LBC. An insignificant proportion of the floorspace is of a small size.

**Figure 3.1 Warehousing Stock by Premises Size in LB Camden in 2023**

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	1	4%	229	0%
250 – 499	0	0%	0	0%
500 – 999	1	4%	733	1%
1,000 – 1,999	7	26%	8,776	9%
2,000 – 9,999	17	62%	66,899	71%
Over 10,000	1	4%	18,164	19%
<b>Total</b>	<b>27</b>	<b>-</b>	<b>94,800</b>	<b>-</b>

Source: London Borough of Camden Economic Needs Assessment – Final Report (2023), p.105

- 3.3.14. The report observes that rents have declined in recent years and that this highlight the market's small size and lack of new build and high quality stock. The report concludes that this translates into need for space becoming increasingly muted. We disagree with this assessment. Our findings are that there has not been a decline in underlying rents. The constrained market and poor quality of existing available stock means there are few transaction and that some of the existing data does not reflect the strength of underlying demand.
- 3.3.15. The assessment considers two demand forecast scenarios for industrial floorspace. These are shown in **Table 3.1**. Scenario 1 (demand-based) is based on employment growth across different sectors and estimates the amount of floorspace required to accommodate the employment. Scenario 2 (past take-up) is based on historic take-up rates that are projected into the future.

**Table 3.1 Demand Forecasts for Use Class B2 & B8) (2023 to 2041) (sq.m)**

Scenario	Total Demand for B2	Total Demand for B8
Scenario 1 (Demand-based)	-5,800	53,200
Scenario 2 (Past take-up)	-5,814	-6,408

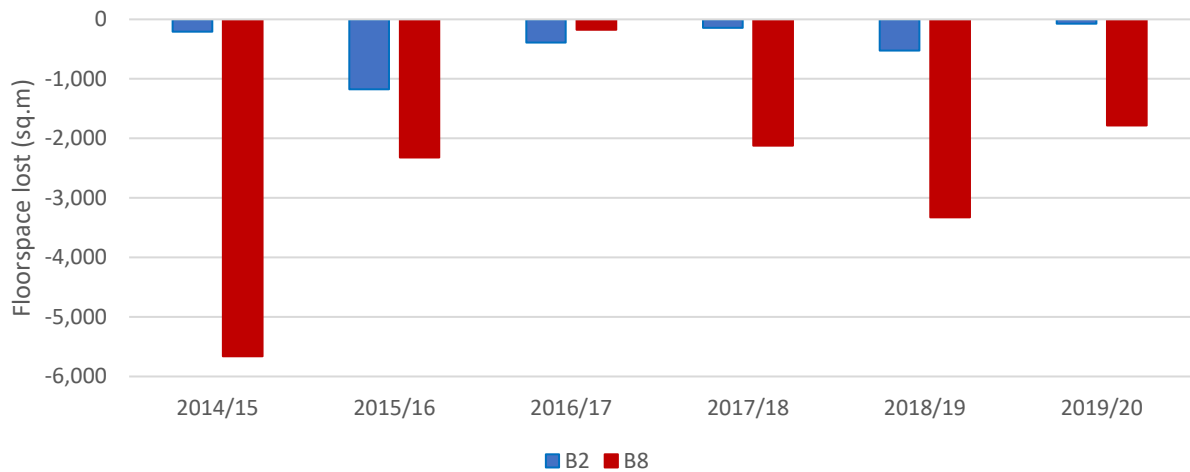
Source: London Borough of Camden Economic Needs Assessment – Final Report (2023), p.162

- 3.3.16. Our assessment is that both methodologies are flawed and do not reflect underlying demand. Scenario 1 assumes employment growth in industrial sectors determines the need for industrial premises. Whilst the scenario identifies a need for B8 floorspace which is equivalent to 10.6ha, the methodology is not robust. As the market is supply constrained this methodology is using the wrong metrics as it in effect projects forward the past constraints. A review of the mix of tenants in Big Yellow's existing facility in Kings Cross (Section 2) highlights the wide variety of occupiers, few of which are considered industrial tenants. Scenario 2 is based on historic take-up. However, in a constrained market historic take-up does not represent actual underlying demand and is more representative of a supply-constrained market.
- 3.3.17. The report identifies Scenario 2 as its preferred scenario. This a partially based on the assertion that intensified typologies that deliver additional floorspace on the same land areas are less likely to come forward and be successful. However, the proposed development is evidence that this is not the case.

***London Borough of Camden Regeneration & Planning Authority Monitoring Report (2023)***

- 3.3.18. LBC's Annual Monitoring Reports (AMR) track the delivery of employment space. **Figure 3.2** shows the net change in employment space for B2 and B8 floorspace between 2014 and 2020. LBC had a net loss in both B2 and B8 floorspace in each year. Over the six-year period, 2,513 sq.m of B2 space and 15,288 sq.m of B8 space was lost.

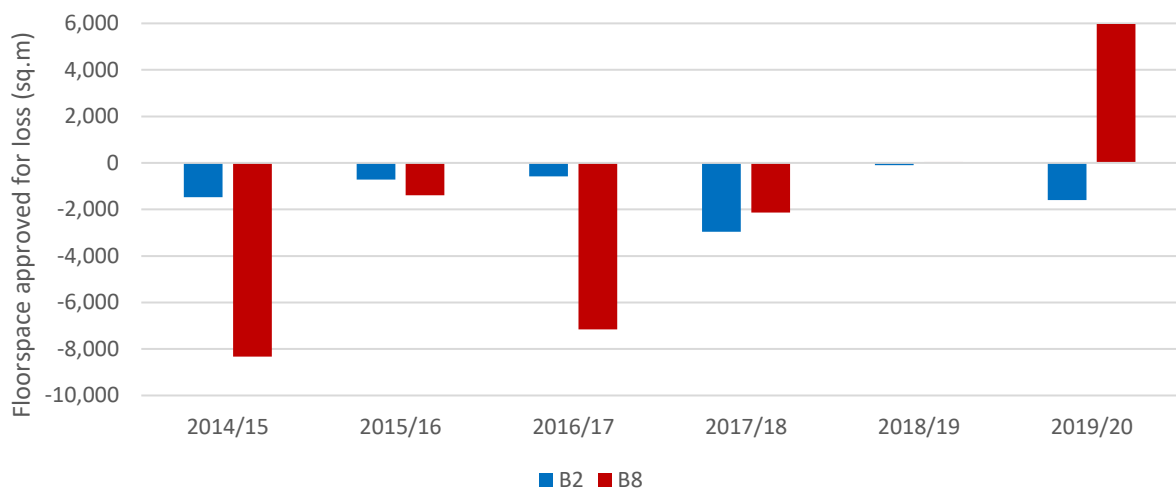
**Figure 3.2 Net Change in B2 and B8 Employment Land Floorspace (Sq.m) in LBC (2014-2020)**



Source: London Borough of Camden Annual Monitoring Report (2023)

3.3.19. The AMR also provides the amount of B2 and B8 floorspace which received planning permission. **Figure 3.3** shows that in nearly all years, more B2 and B8 space was approved for demolition compared to new development. Over the six -year period, for B2 there was a net reduction of 7,246 sqm based on approvals; for B8 floorspace, there was a loss of 13,000 sq.m.

**Figure 3.3 Net Change in Approved B2 and B8 Employment Land Floorspace (sq,m) in LBC (2014-2020)**



Source: London Borough of Camden Annual Monitoring Report (2023)

3.3.20. The AMR also assesses permitted schemes according to their development status (whether under construction or not). **Table 3.3** shows that for B2 floorspace, there is 770 sq.m that is currently being lost through projects under construction and a further 4,410 sq.m in the pipeline.

3.3.21. For B8 floorspace, there is the loss of 5,509 sq.m of space arising from projects under construction. However, this could be replaced through 5,587 sq.m of floorspace with approval for delivery.

**Table 3.3 Approvals Under Construction and Not Started (sq.m) (as of March 31<sup>st</sup> 2020)**

Use Class	Not Started (sq.m)	Under Construction (sq.m)	Total (sq.m)
B2	-4,410	-770	-5,180
B8	5,587	-5,509	78

Source: London Borough of Camden Annual Monitoring Report (2023)

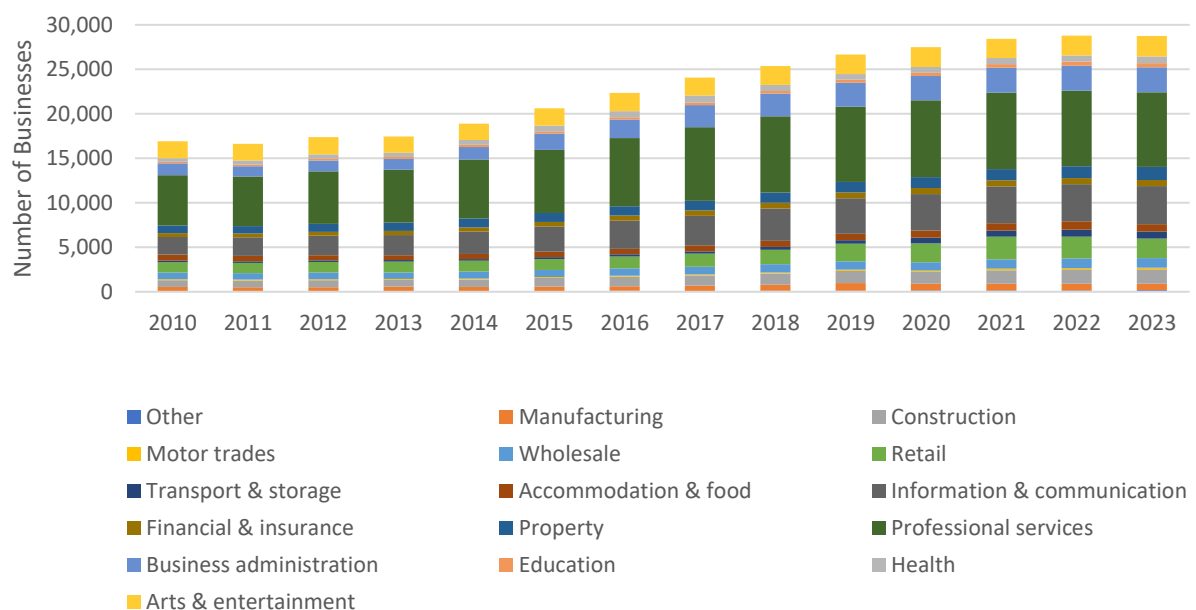
3.3.22. Our assessment of the reason for the above losses is that they are more about competition from higher value alternative land uses, usually residential, rather than about a lack of demand for industrial space.

### 3.4. Office of National Statistics Data on SMEs

3.4.1. The Office of National Statistics (ONS) covers data on the growth of businesses in LBC by industry sector and number of employees. **Figure 3.4** shows the growth in small businesses with 0 to 4 employees which is indicative of the SME and start-up sector.

3.4.2. Between 2010 and 2023, the number of businesses with 0 to 4 employees in LBC grew at an annual rate of 4.2%. This is a robust rate of growth which in spite of the macroeconomic challenges during this period including Brexit and the Covid-19 pandemic. Many of the sectors shown in Figure 3.4 also appear as tenants in Big Yellow's York Way premise shown in Section 2.5. This suggests strong demand for floorspace coming from SMEs who tend to look for the type of small premises proposed in the proposed development.

**Figure 3.4 Growth in Small Businesses (0 to 4 Employees) in LBC (2010-2023)**



Source: ONS, 2024

## 4. Property Market Assessment

### 4.1. Introduction and Summary of Findings

4.1.1. This section presents an assessment of the supply and demand dynamics in two property market areas. These are the London Borough of Camden (LBC) and the wider Inner London geography. The analysis has a greater focus on smaller-sized premises because this is the element of the market that the proposed development would serve.

4.1.2. The assessment is primarily focussed on B8 floorspace because it is the use class to which the proposed development is oriented. The assessment also includes B2 floorspace because some occupiers can use either type interchangeably. It is useful to cover both use class to ensure a more complete understanding of the dynamics in the sector.

4.1.3. The key conclusions are:

- There has been a sustained decline in B8 floorspace over the last decade in LBC.
- The average rate of availability for both B2 and B8 floorspace in Inner London and LBC has been below 8% over the last 10 years. (The equilibrium availability rate as defined in guidance from the Greater London Authority is 8%.)
- The market is supply-constrained and is not functioning efficiently. The lack of available floorspace has caused B2 and B8 rents in Inner London and LBC to rise at rates of about 7% per annum which is well above the rate of inflation. These conditions are disproportionately impacting SMEs and start-ups.
- In spite of the limited availability, there has been limited new development.
- LBC has virtually no available floorspace for SMEs and start-ups. The B8 market in particular is dominated by larger premises. There are no B8 units less than 2,000 sq.ft. Additionally all B8 space in LBC that is less than 5,000 sq.ft is of below average quality.
- LBC has seen high levels of loss of B8 floorspace. This loss equates to more than 12% of the borough's current inventory. The impact of the loss is compounded by the fact that we have been unable to identify any proposed developments for B8 premises with planning permission. (This conflicts with LBC's own data shown in **Table 3.3**.)
- From a demand perspective, nearly all leasing activity in Inner London has been for large premises because of the lack of availability of smaller premises.
- In contrast, in LBC most transactional activity has been for smaller premises below 2,000 sq.ft. The data also shows that there is a wide range of sectors that are driving demand for small premises in LBC including creative and professional services. This corroborates Big Yellow's own tenancy profile in the case study in Section 2.

### 4.2. Property Market Areas (PMA)

4.2.1. We assess two PMAs that are relevant to understanding the elements of the property market relevant to the proposed development.

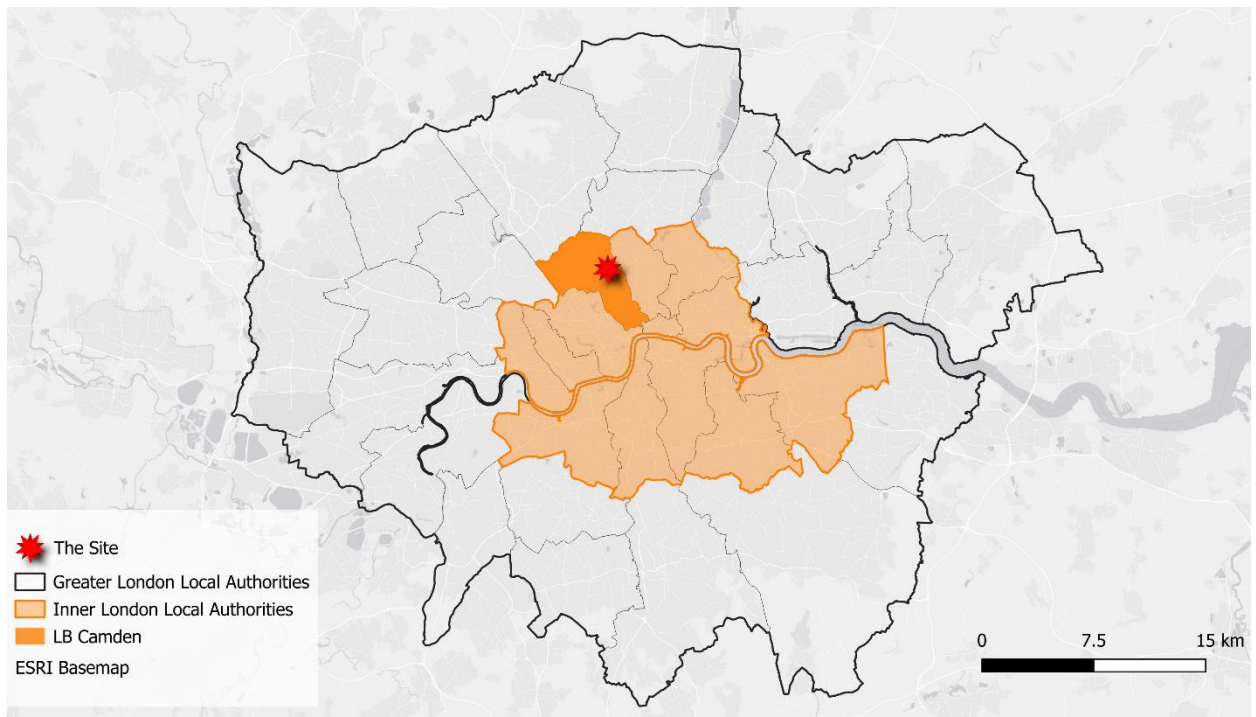
4.2.2. We use the broad Inner London geography as defined the London Plan 2021 to capture overall trends in the I&L market. For acutely supply-constrained markets such as LBC, the wider geography is helpful to illustrate broad property market dynamics that are impacting the local authorities in the geography. We also assess LBC property market which is situated within Inner London.

4.2.3. The Inner London market is comprised of the following thirteen London boroughs:

- Camden
- City of London
- Greenwich
- Hackney
- Hammersmith and Fulham
- Islington
- Kensington and Chelsea
- Lambeth
- Lewisham
- Southwark
- Tower Hamlets
- Wandsworth
- Westminster

4.2.4. **Figure 4.1** presents the relevant PMAs for this assessment. It shows the geography for Inner London and also highlights LBC and the approximate location of the subject site.

**Figure 4.1 Property Market Areas**



Source: Savills, 2024

### 4.3. Understanding Supply

4.3.1. This section assesses the supply of I&L premises in Inner London and LBC. **Table 4.1** presents the high level metrics for both PMAs. For the past ten years, both the B2 and B8 Use Class sectors have had average availability rates below 8%. According to GLA guidance, the equilibrium availability rate is 8%. When a market is below this level, it is characterised as being supply-constrained and not allocating



floorspace efficiently. Below the 8% threshold, available floorspace supply is tight and rents increase as strong occupier demand compete for limited available stock.

4.3.2. **Table 4.1** also shows that there has been a limited supply response, in spite of the tight markets.

**Table 4.1 High Level Supply Metrics in PMAs**

PMA	Use Class	Inventory (Sq ft)	Available Floorspace (Sq.ft)	Average Availability Rate (2013-2023)	Total New Supply (2013-YTD)	New Supply as % of Inventory (per annum)
LBC	B2	174,362	0	2.8%	0	0.0%
LBC	B8	1,012,648	134,546	4.8%	55,000	0.5%
Inner London	B2	8,656,645	497,656	2.8%	52,000	0.0%
Inner London	B8	23,709,929	1,263,441	3.9%	700,000	0.3%

Source: CoStar, 2024

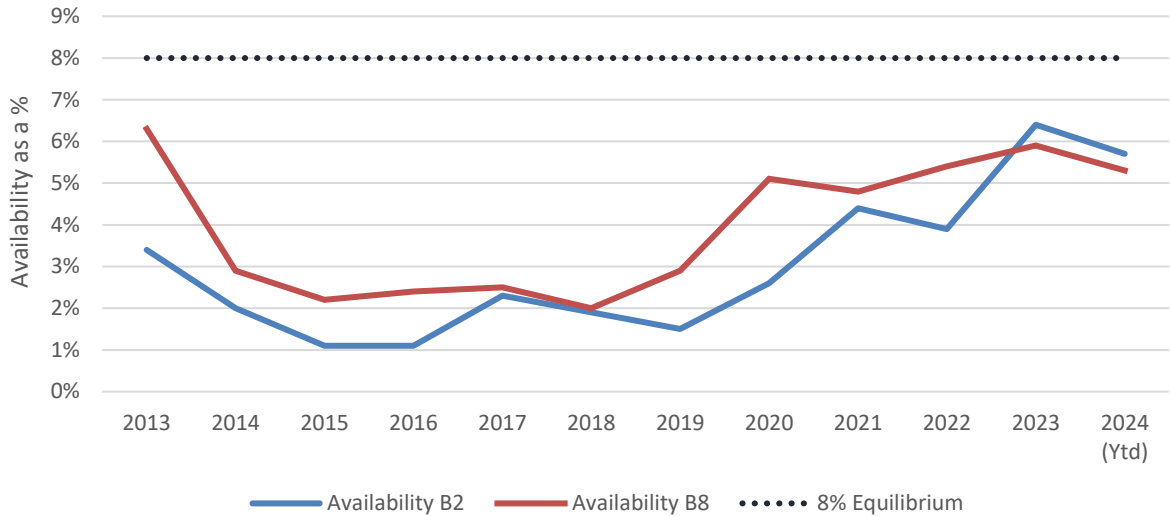
4.3.3. Our assessment of the reason for the limited supply is that they are more about competition from higher value alternative land uses, usually residential, rather than about a lack of demand for industrial space.

#### 4.4. Supply in Inner London

##### *The Inner London Market Has Been Supply Constrained for the Past Decade*

4.4.1. **Figure 4.2** shows the availability rates for B2 and B8 floorspace in Inner London. In both sectors of the market, availability has been consistently below 8%. According to GLA guidance, property market's require availability of at least 8% in order to allow for churn and the efficient allocation of floorspace. Less than 8% characterises a supply-constrained market which is unable to operate efficiently. This tends to drive rental levels higher.

Figure 4.2 Availability of B2 and B8 Floorspace in Inner London (2013-2024)

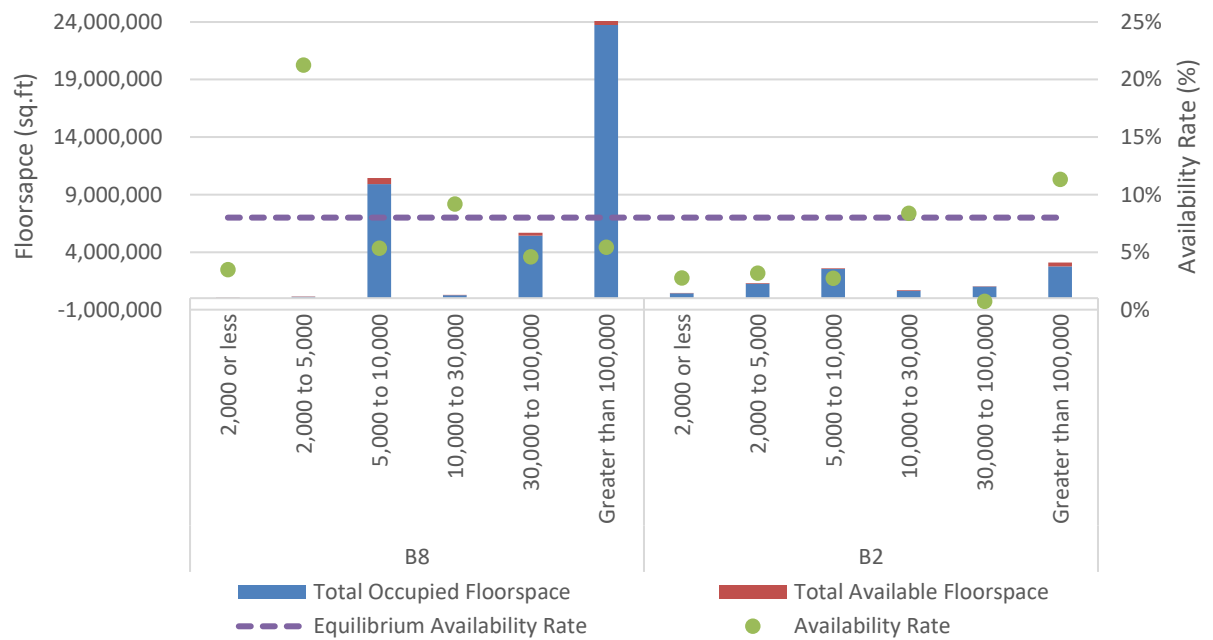


Source: Savills 2024, CoStar 2024

**Limited Availability in Inner London, Especially for Small Units**

4.4.2. **Figure 4.3** below shows total stock, available floorspace and the availability rate by size category in Inner London. The quantum of small premises, especially in the B8 Use Class, is negligible when compared to the larger size categories. The market is dominated by larger B8 premises. Premises of 5,000 sq.ft or less represent just 0.4% of B8 floorspace in London.

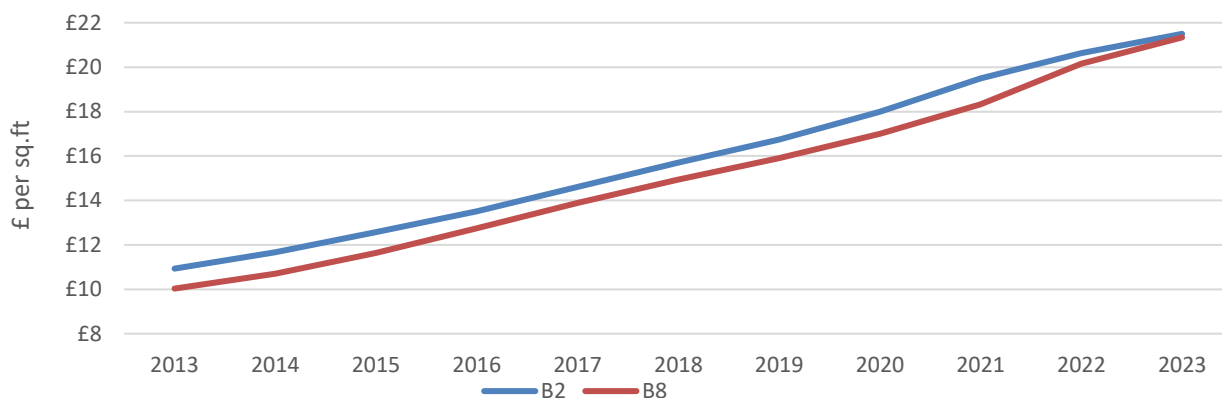
Figure 4.3 Availability by Size Category in Inner London



Source: Savills 2024, CoStar 2024

4.4.3. The lack of available floorspace has caused rents to rise in Inner London. **Figure 4.4** shows the increase in rents since 2013 for both uses. Over the decade rents rose at an annual rate of 7.0% and 7.8% for B2 and B8, respectively.

**Figure 4.4 Market Rents for B2 and B8 Floorspace in Inner London (2013-2023)**



Source: Savills 2024, CoStar 2024

#### 4.5. Supply in London Borough of Camden

4.5.1. LBC has a need for new industrial floorspace, particularly to meet the needs of SMEs and startups. The ongoing acute shortage has significant implications for existing and prospective employers in the borough:

- Start-ups are unable to move to the area to be with other like businesses
- Existing companies seeking new premises to meet their evolving needs are unable to find adequate premises
- Existing companies with high growth potential are forced to relocate outside of LBC as they struggle to find premises and face some of the highest rents in Greater London. This is eroding the quality and variety of local goods and services.
- The relocation of firms who have developed a local customer base over time leads to increased travel times, higher business costs, and adverse environmental impacts.

4.5.2. The supply-constrained market conditions disproportionately affect SMEs because of their inability to absorb higher rents and other costs compared to larger companies.

***LBC’s Stock is Limited, Availability is Tight and New Development Insignificant***

4.5.3. **Table 4.2** presents key supply metrics in LBC. The market is limited as there has been little new supply and the amount of available floorspace has been low.

**Table 4.2 Supply Metrics in LB Camden by Industrial Floorspace Type**

Use Class	Inventory (Sq ft)	Available Floorspace (Sq.ft)	Average Availability Rate (2013-2023)	Total New Supply (2013-YTD)	New Supply as % of Inventory (per annum)
B2	174,362	0	2.8%	0	0.0%
B8	1,012,648	134,546	4.8%	55,000	0.5%

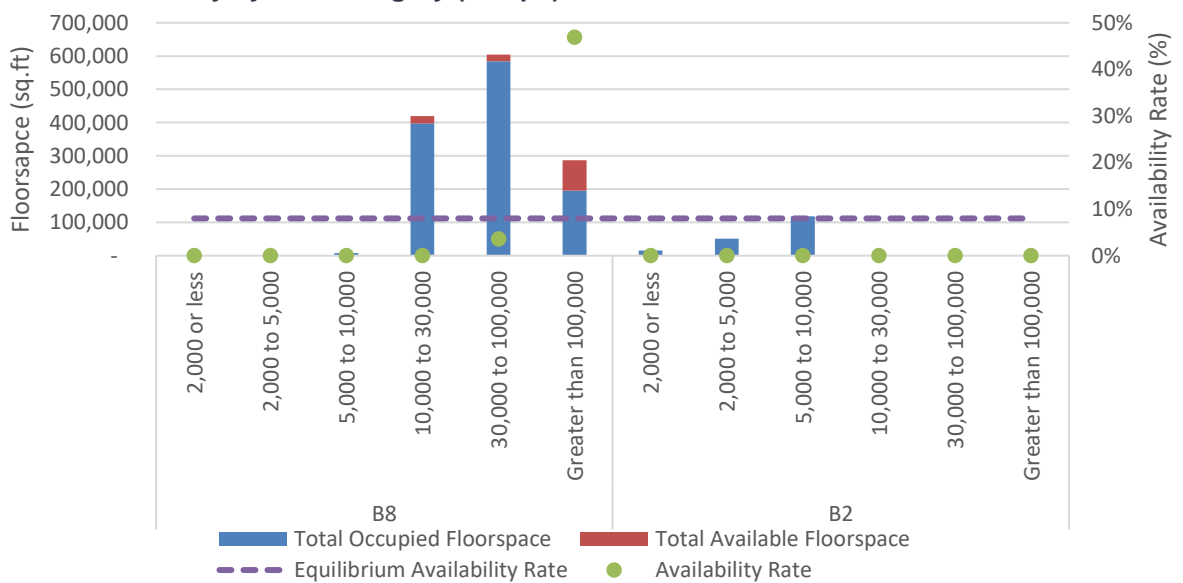
Source: Savills 2024, CoStar 2024

4.5.4. Our assessment of the reason for the limited supply is that they are more about competition from higher value alternative land uses, usually residential, rather than about a lack of demand for industrial space.

**LBC Has Almost No Availability for SMEs and Start-ups**

4.5.5. **Figure 4.5** shows total stock and available floorspace by size category across B2 and B8 floorspace. The market is dominated by larger premises and there are no B8 units of less than 2,000 sq.ft and very little floorspace in premises below 10,000 sq.ft.

**Figure 4.5 Availability by Size Category (in sq.ft) in LBC**



Source: Savills 2024, CoStar 2024

4.5.6. **Table 4.3** presents inventory and available floorspace by premises size. For B8 floorspace there are no premises of less than 10,000 sq.ft that have availability. The available floorspace is contained in several large premises. There is no availability in any size category for B2 space.

**Table 4.3 Inventory and Availability by Size Category**

Use Class	Size Categories	Inventory (sq.ft)	Available Floorspace (sq.ft)
B2	Less than 2,000 sq.ft	15,000	0
	2,000 to 5,000 sq.ft	52,000	0
	5,000 to 10,000 sq.ft	118,000	0
	10,000 to 30,000 sq.ft	0	0
	30,000 to 100,000 sq.ft	0	0
	Over 100,000 sq.ft	0	0
	<b>Total</b>		<b>185,000</b>
B8	Less than 2,000 sq.ft	0	0
	2,000 to 5,000 sq.ft	2,400	0
	5,000 to 10,000 sq.ft	7,900	0
	10,000 to 30,000 sq.ft	398,000	61,000
	30,000 to 100,000 sq.ft	584,000	41,000
	Over 100,000 sq.ft	196,000	92,000
	<b>Total</b>		<b>1,187,000</b>

Source: Savills 2024, CoStar 2024, NB figures may not add due to rounding

4.5.7. **Table 4.4** sets out the details of the premises with available B8 floorspace. Some of the premises can accommodate smaller requirements although they are limited. All the buildings with availability are either of average quality (3 stars) or below average quality (2 stars) based on CoStar’s rating set out in **Table 4.5**.

**Table 4.4 B8 Buildings in LBC with Availability**

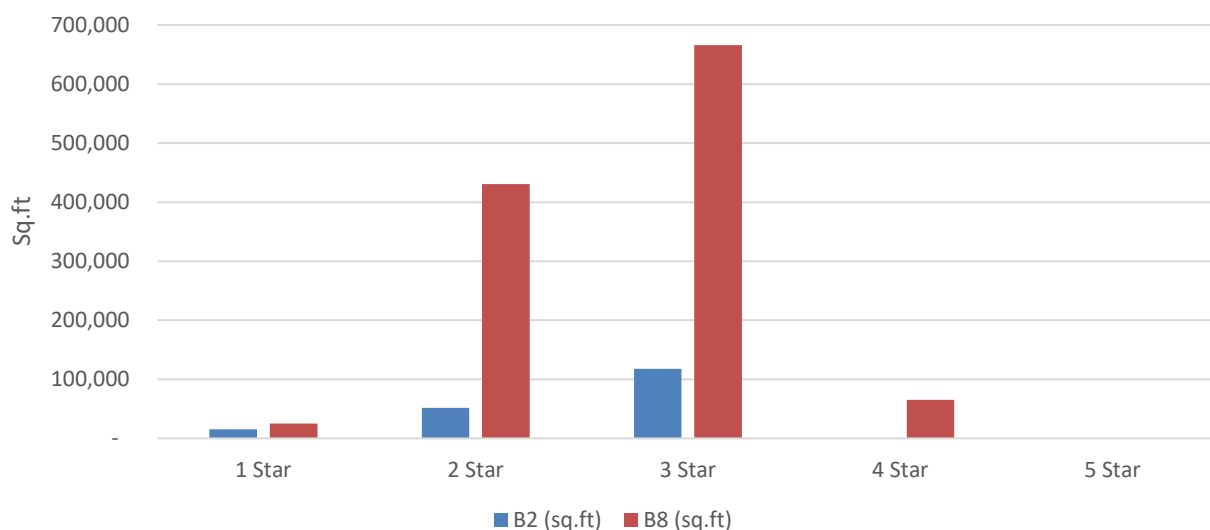
Address	Total Available Floorspace (Sq.ft)	Minimum Size of Premises Available (Sq.ft)	Year Built	Grade
25 Sanderson Close	91,592	<b>3,229 sq.ft</b> (2 spaces below 5,000 sq.ft; 0 spaces below 2,000 sq.ft)	1930	3 stars
Highgate Rd	40,907	<b>2,542 sq.ft</b> (7 spaces below 5,000 sq.ft; 0 spaces below 2,000 sq.ft)	1970	2 stars
3-6 Spring Pl	21,910	21,910 sq.ft	1960	2 stars
65 Holmes Rd	21,044	<b>8,400 sq.ft</b> (2 spaces available)	2018	3 stars

Source: CoStar, 2024

**LBC’s B8 Stock is of Average or Below Average Quality**

4.5.8. **Figure 4.6** presents the quality of stock in LBC. The market is dominated by premises of average or below average quality. Only a small proportion of floorspace is of above average quality (4 or 5 stars). This reflects the low level of new completions and that the existing stock is not being replenished with premises that meet modern requirements. **Table 4.5** presents the characteristics of different star ratings used by CoStar.

**Figure 4.6 Quality of Stock in LBC**



Source: Savills 2024, CoStar 2024

**Table 4.5 Quality Rating**

Stars	Quality Characteristics
* **	<ul style="list-style-type: none"> <li>• In need of significant refurbishment or only suitable for smaller tenants.</li> <li>• Lowest rents in market.</li> </ul>
***	<ul style="list-style-type: none"> <li>• An older structure, but not refurbished.</li> <li>• Standard ceiling heights with less efficient floor plates.</li> <li>• Average or near average market rents</li> </ul>
**** *****	<ul style="list-style-type: none"> <li>• New or refurbished construction exhibiting the latest trends in office design.</li> <li>• Prominent in its context.</li> <li>• Sustainable and energy efficient.</li> <li>• High quality materials and systems.</li> <li>• Efficient floor plates and generous ceiling heights.</li> <li>• High glazing ratios for daylight and views.</li> <li>• Rents above market averages.</li> </ul>

Source: CoStar, 2024

**Smaller B8 Premises Are of Particularly Low Quality**

4.5.9. **Table 4.6** presents the quality of premises in the B8 market by size category. All stock below 5,000 sq.ft is of below average quality (2 stars or less). The poor quality of the smaller premises disproportionately affects SMEs.

**Table 4.6 Quality of B8 Stock by Size Category (sq.ft)**

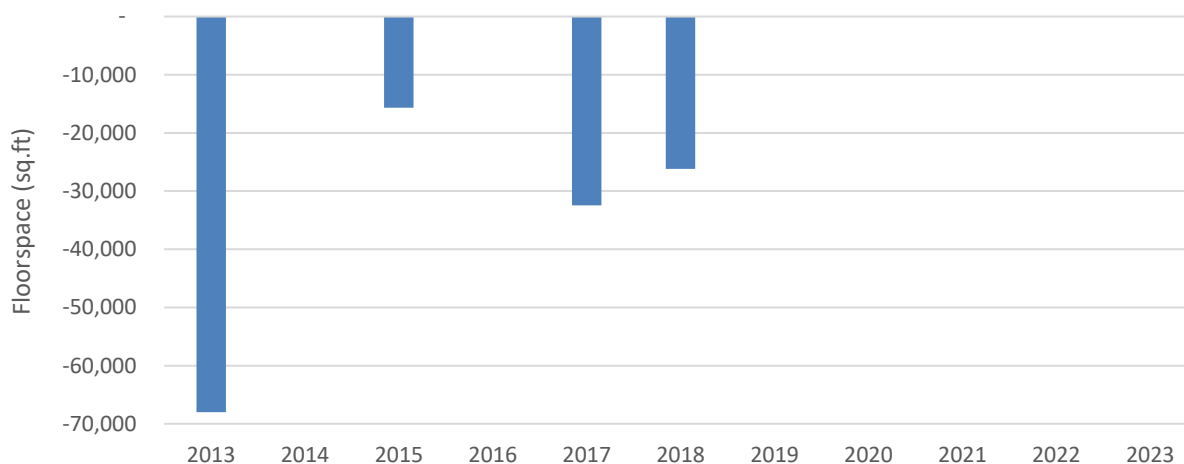
Rating	2,000 or less	2,000 to 5,000	5,000 to 10,000	10,000 to 30,000	30,000 to 100,000	Greater than 100,000
1 Star	n/a			6%		
2 Star	n/a	100%		52%	38%	
3 Star	n/a		100%	42%	51%	100%
4 Star	n/a				11%	
5 Star	n/a					
<b>Total</b>	<b>n/a</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CoStar, 2024

**High Loss Rate of B8 Premises in LBC**

4.5.10. **Table 4.2** already identified the low rate of new completions in LBC. **Figure 4.7** shows that about 142,000 sqft of B8 floorspace was demolished over the past decade. This loss equates to more than 12% of the borough’s current inventory.

**Figure 4.7 Demolition of B8 Storage Across LBC (2013-23)**



Source: Savills 2024, CoStar 2024

4.5.11. Our assessment of the reason for the limited supply is that they are more about competition from higher

value alternative land uses, usually residential, rather than about a lack of demand for industrial space.

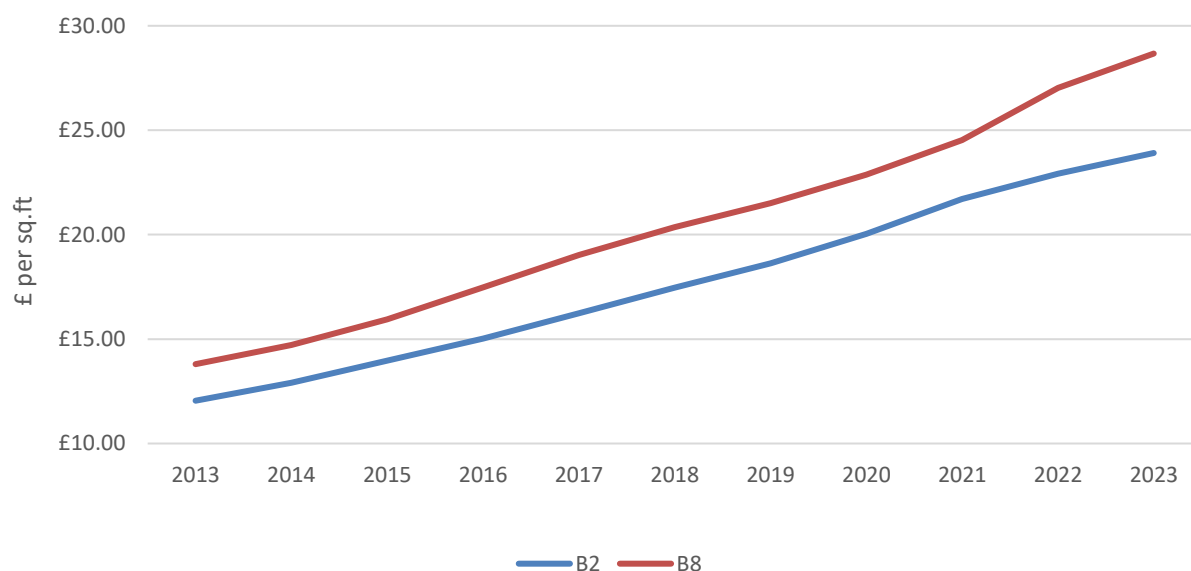
**We Are Unable to Identify Permitted B8 Use Class Development in the Pipeline in LBC**

4.5.12. Although the AMR identifies about 5,600 sq.m of permitted B8 Use Class development not yet started (see **Table 3.3**), our own assessment has not identified any such permitted development.

**Supply Constraints are Fuelling Rental Growth**

4.5.13. **Figure 4.8** presents historic market rents for B2 and B8. Rents rose at a rate of 7.1% and 7.8% per annum respectively. This strong rental growth reflects the supply-constrained nature of the market. This will be putting considerable pressure on local businesses.

**Figure 4.8 Average Market Rents in LBC**



Source: Savills, CoStar 2024

**4.6. Understanding Demand**

4.6.1. This section assesses demand for I&L premises in Inner London and LBC. Both markets have relatively low levels of net demand that is primarily due to the limited supply of suitable premises and the overall loss of floorspace. Without suitable premises, demand is unable to be realised.

4.6.2. **Table 4.7** presents the high level demand metrics for both PMAs. We have presented both net absorption (which takes account of both the occupation and vacation of floorspace) and gross absorption (the occupation of floorspace). Given the loss of floorspace and lack of suitable available premises, the net absorption figure does not provide a full picture of underlying demand.

4.6.3. A good indicator of strong underlying demand is the per annum market rental growth over the past decade. Based on CoStar’s estimate of historic market rents, rents for B8 floorspace in LBC have grown by nearly 8% per annum. The CoStar model provides an estimate of rental growth if the market were operating efficiently and suitable floorspace were available. Since LBC’s market is chronically and acutely supply-



constrained and there are so few premises that have the quality or quantum of space to meet the needs of occupiers, LBC’s own data on demand does not accurately reflect true underlying market demand. The performance of market rental growth in **Table 4.7** is a better indication of the very strong underlying demand for premises in the face of a market with limited supply.

**Table 4.7 High Level Demand Metrics in the PMAs**

PMA	Use Class	Inventory (Sq ft)	Average Net Absorption Per Annum (2013-2023) (sq.ft)	Average Gross Absorption Per Annum (2013-2023) (sq.ft)	Average Gross Absorption as a % of Inventory	Market Rental Growth Per Annum (2013-2023)
LBC	B2	174,362	0	2,000	1.1%	7.1%
LBC	B8	1,012,648	-11,000	13,000	1.3%	7.8%
Inner London	B2	8,656,645	-3,000	129,000	1.5%	7.0%
Inner London	B8	23,709,929	31,000	454,000	1.9%	7.8%

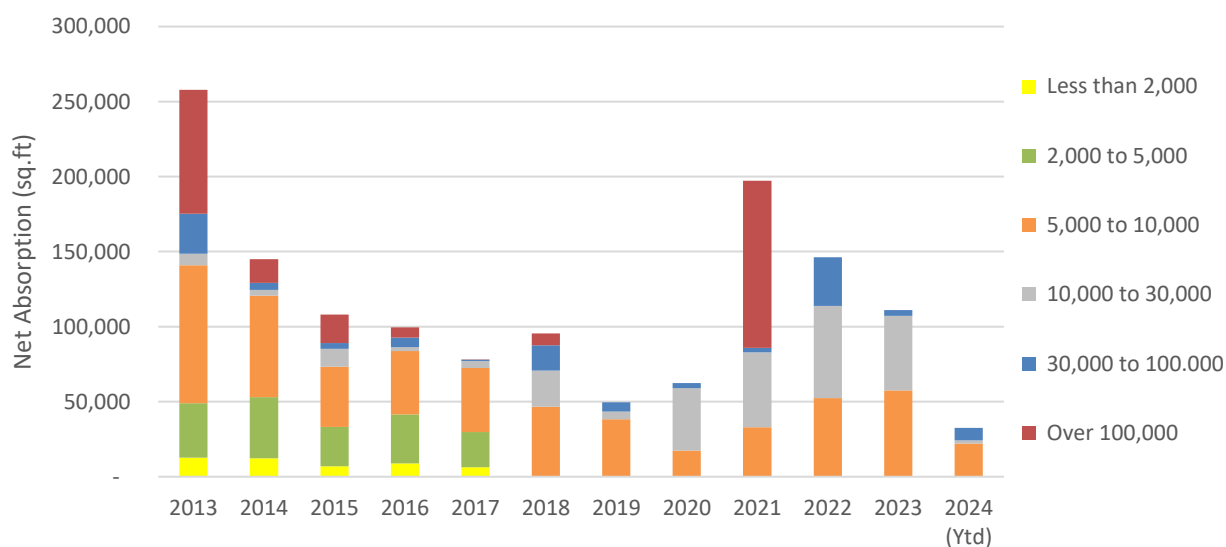
Source: Savills 2024, CoStar 2024

**4.7. Demand in Inner London**

**Take-up in Inner London for B8 Floorspace is Primarily for Large Premises; Demand for Small Premises Limited by Lack of Floorspace**

4.7.1. **Figure 4.9** presents demand for B2 floorspace by size band. It shows that take-up is relatively well-distributed across size bands with the exception of smaller premises, especially those that are less than 2,000 sq.ft.

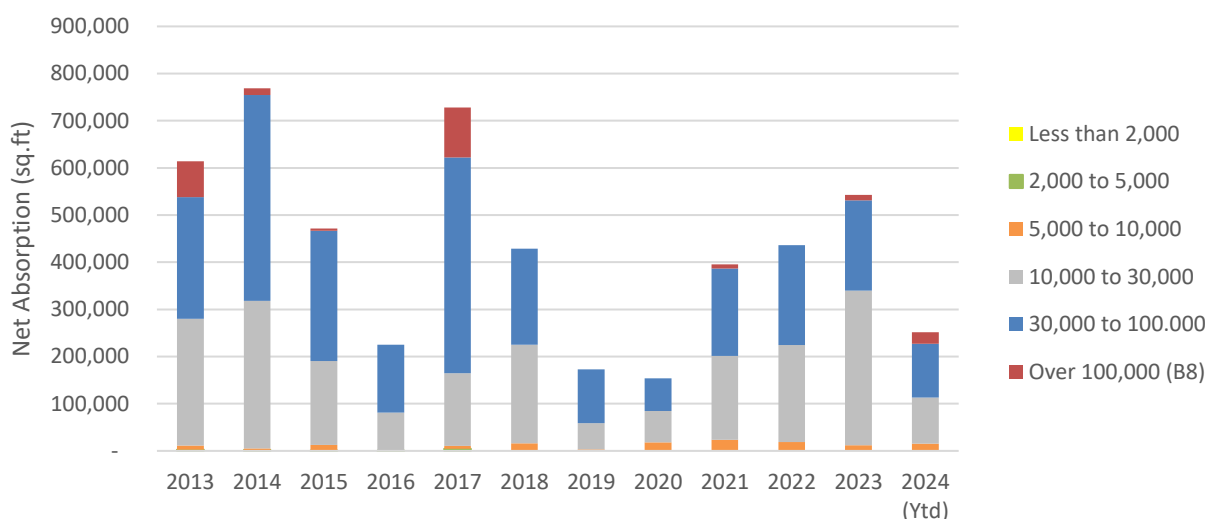
**Figure 4.9 Gross Absorption of B2 Floorspace by Size Category**



Source: Savills 2024, CoStar 2024

4.7.2. **Figure 4.10** shows demand for B8 floorspace being dominated by larger-sized premises. Our assessment is that this is a reflection of the acute shortage of smaller premises, especially for premises less than 2,000 sq.ft.

**Figure 4.10 Gross Absorption of B8 Floorspace by Size Category**



Source: Savills 2024, CoStar 2024

**4.8. Demand in London Borough of Camden**

4.8.1. **Table 4.8** summarises the high-level metrics for demand in LBC over the past decade. It shows that for both B2 and B8 floorspace, net absorption was flat to negative and gross absorption was slightly positive. The negative net absorption reflects the loss of floorspace (this trend is highlighted in **Figure 4.7**) and the limited amount of available floorspace. The gross absorption indicates that there has been a reasonable amount of tenant churn and transactional activity in spite of the limited amount of floorspace. The strong rental growth shows that the lack of floorspace has generated strong rental growth.

**Table 4.8 High Level Demand Metrics in LBC**

Use Class	Inventory (Sq ft)	Average Net Absorption Per Annum (2013-2023) (sq.ft)	Average Gross Absorption Per Annum (2013-2023) (sq.ft)	Average Gross Absorption as a % of Inventory	Market Rental Growth Per Annum (2013-2023)
B2	174,362	0	2,000	1.1%	7.1%
B8	1,012,648	-11,000	13,000	1.3%	7.8%

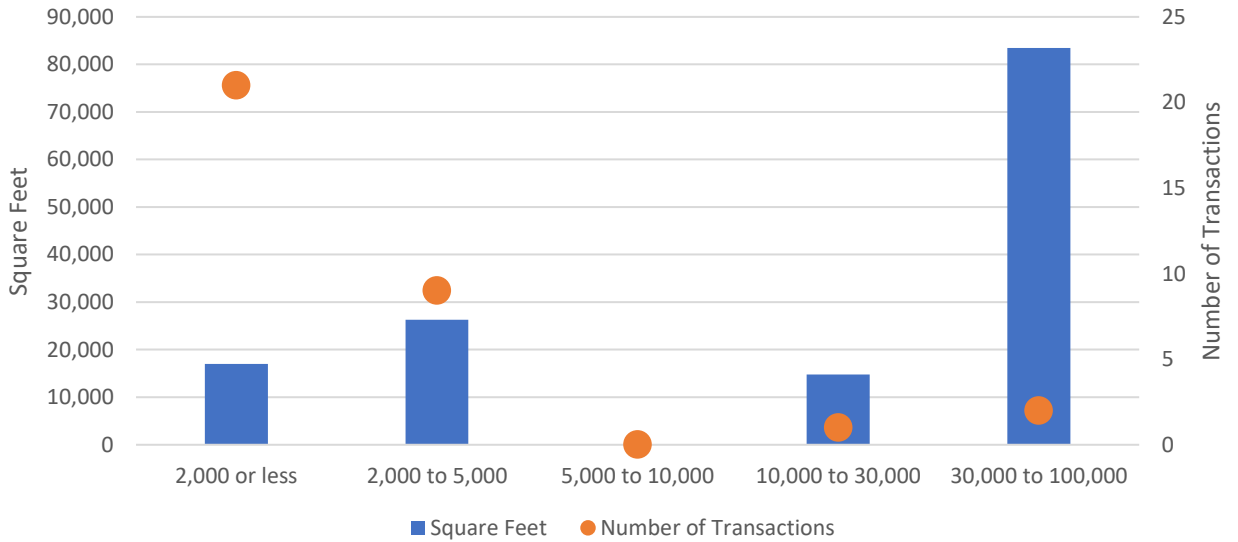
Source Savills 2024, CoStar 2024

4.8.2. **Figure 4.11** shows overall transactional activity in LBC by size category over the past decade. It combines both B2 and B8 transaction to provide a fuller picture of demand. When assessing take-up for smaller units, SMEs and start-ups may be less concerned about whether the floorspace is in the B2 or B8 Use

Class.

4.8.3. There were 21 transaction for premises below 2,000 sq.ft. In combination with other signals including rental growth we take this to demonstrate that demand for the size category is strong, in spite of the limited amount of available premises.

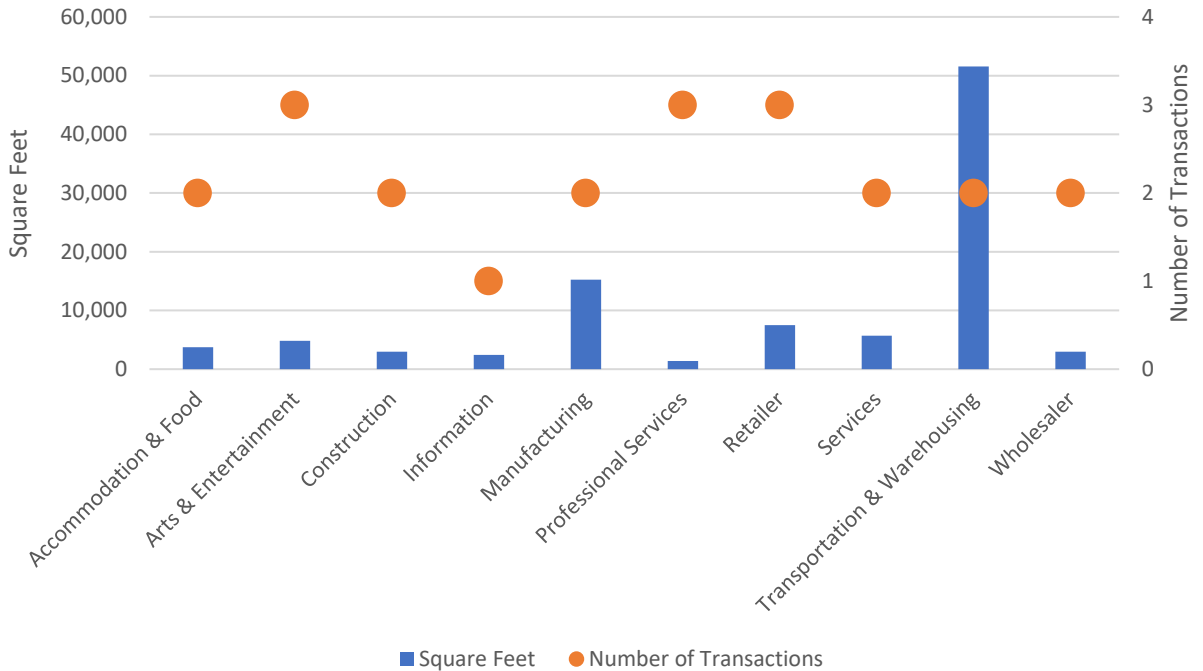
**Figure 4.11 Transactional Activity in LBC by Size Category (2013 to Present)**



Source: Savills 2024, CoStar 2024

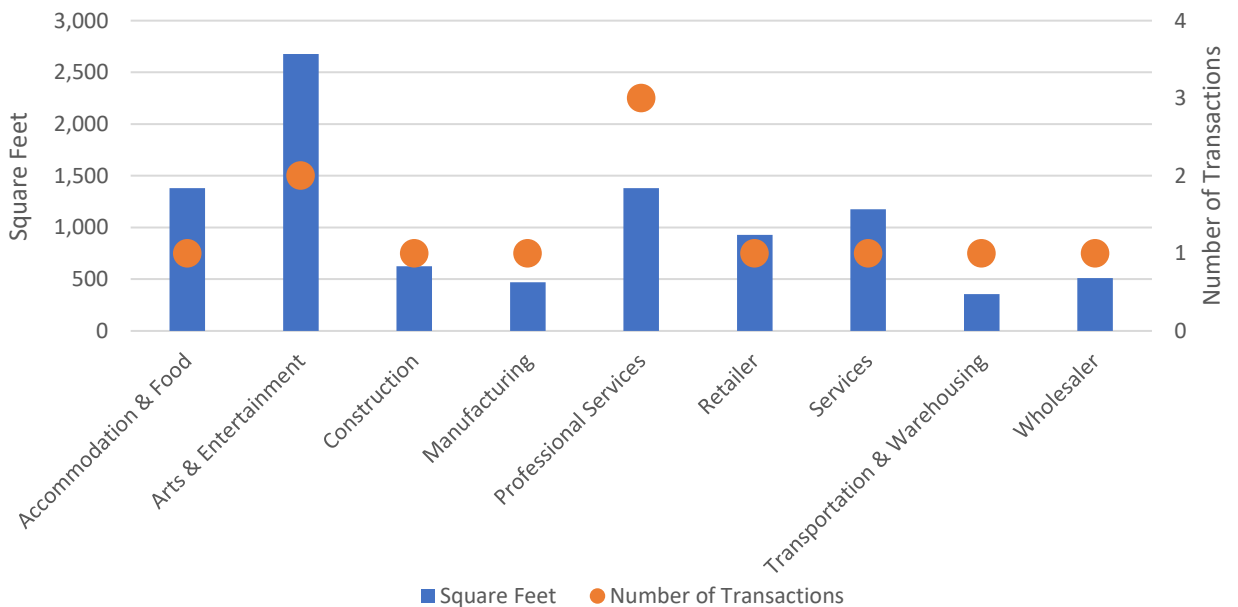
4.8.4. **Figure 4.12** shows overall transactional activity in LBC by sector over the past decade by sector. It shows that there is a wide variety of occupiers seeking industrial premises. **Figure 4.13** shows overall transactional activity within premises less than 2,000 sq.ft. It shows that the wide variety of occupiers are primarily focussed in small premises less than 2,000 sq.ft.

Figure 4.12 Overall Transactional Activity in LBC by Sector (2013 to Present)



Source: Savills 2024, CoStar 2024

Figure 4.13 Transactional Activity for Premises Less Than 2,000 Sq.ft in LBC by Sector (2013 to Present)



Source: Savills 2024, CoStar 2024

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#### 4.9. Demand vs Supply and Key Conclusions

- 4.9.1. This section summarises the interplay between supply and demand that defines the current state of the I&L sector in LBC. The loss of premises continues to reduce availability, particularly at the smaller end of the B8 market. This makes it difficult for smaller companies to operate in the borough. Delivery of new floorspace has been limited and there is a limited pipeline of new industrial projects that could provide the premises that the economy requires. As a result, LBC has some of the highest rents in Greater London.
- 4.9.2. In spite of the highly constrained market, demand for small-sized B8 floorspace is positive. Historically, expressed demand has been modest and this is a consequence of the highly constrained nature of the local market. If there were more supply, there are a number of indicators to suggest that this floorspace would be taken-up swiftly. Data from the ONS shows that LBC's SME sector is extensive and growing quickly. Transactional data shows that there is strong demand for smaller premises (2,000 sq.ft or less) from a range of sectors, including those that are not recognised as traditional occupiers of I&L premises. Big Yellow's existing premises on LBC's eastern border with LB Islington is currently one-third full and already accommodates 100 business tenants from a wide range of economic sectors.
- 4.9.3. Our conclusion is that there is an imbalance in LBC between highly constrained supply and strong demand. This imbalance is particularly relevant amongst companies seeking smaller premises. Evidence demonstrates that Big Yellow's premises address such gaps in the market by providing small-scale, flexible premises that adapt to the needs of SMEs and start-ups. Our assessment is that the proposed development would help address the acute shortage of employment premises for companies seeking small scale accommodation in LBC.

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## 5. Conclusions

- 5.1.1. This report concludes that the proposed development would help address LBC's acute, ongoing shortage of premises to meet the needs of small businesses seeking premises in the borough. Small businesses often need storage space as well as operational space and self-storage facilities play an important role in meeting SME needs. The proposed development would significantly intensify an existing, underperforming employment site by increasing the amount of employment floorspace more than five-fold with modern accommodation that would help meet the needs of the economy.
- 5.1.2. Big Yellow already has a similar, existing premises on LBC's eastern border that is used by around 100 businesses from a wide range of sectors, many of which are growth oriented and not typically found in industrial premises. The building has capacity for use by upwards of 300 SMEs and start-ups when it reaches full occupation.
- 5.1.3. LBC's local plan acknowledges the shortage of premises and the aspiration for an inclusive economy. And yet its decision making is undermining its stated goal. LBC's evidence base report on the property market concludes that market signals indicate that demand in the borough for I&L premises is weak. However, these market signals reflect a highly constrained property market that does not provide sufficient floorspace to meet the needs of the economy. Our assessment is that the report misinterprets the market signals.
- 5.1.4. This report provides evidence from a range of sources to demonstrate that demand from SME's for small scale employment premises is strong and growing. The GLA's evidence base document shows that LBC has some of the highest rents and lowest vacancy in Greater London. Data from the ONS shows that the number of SMEs in LBC is growing at a rate of over 4% per annum. Transactional data in LBC shows that take-up has been dominated by demand for small premises (less than 2,000 sq.ft).

## Appendix: Abbreviations

AMR	Annual Monitoring Report
ENA	Employment Needs Assessment
GEA	Gross External Area
GIA	Gross Internal Area
GLA	Greater London Authority
HQ	Headquarters
LBC	London Borough of Camden
m	Metres or Millions
NIA	Net Internal Area
ONS	Office of National Statistics
PA	Per Annum
PMA	Property Market Area
SME	Small Medium Enterprises
Sq.ft	Square Feet
Sq.m	Square Metres
TfL	Transport for London
UK	United Kingdom
YTD	Year to Date

# Annex 3 – Valuation Office Agency Practice Notes for Self Storage

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Attached



# **Valuation Office Agency, self storage hereditaments Practice notes**

Extracted from VOA website April 2024

<https://www.gov.uk/guidance/rating-manual-section-6-part-3-valuation-of-all-property-classes/section-905-self-storage-hereditaments>

# **Practice note: 2023 - self storage hereditaments**

## **1. Market appraisal**

1.1 The concept of self-storage facilities comes largely from the USA where it has developed since the 1970s. This market is less mature in the UK. Since the last Antecedent Valuation Date the number of sites (including container-based) is believed to have increased by around 50%. Of these about a third are in the occupation of the twelve main providers (owning or managing ten or more sites). The market has expanded and matured to meet the demand driven by increasing consumer awareness.

1.2 Contracts can range in length, with 1 month usually the minimum. It's believed that individuals account for about two thirds of the space taken, with business taking the remainder. It remains the case that the largest concentration of self-storage units is within the M25 area, but provision in other large conurbations continues to grow.

1.3 The impact of the COVID pandemic on industrial property was marked by considerable variation between sectors. The self-storage industry media comment around the Antecedent Valuation Date focused on growth in both revenue and occupancy (based on Quarter 3 2020 results). It was reported that the industry increased occupancy by 2.9 points year-on-year to 79.2%, while also increasing the return per square foot on storage space by over 1.5%.

1.4 Self-storage was deemed to be a part of the logistics chain, classed as an essential service and allowed to remain open under certain conditions. The industry is used by the healthcare and food industries as well as many online and other businesses permitted to operate during the lockdown. It was also deemed as low risk as there is minimal contact between people within a self-storage business.

## **2. Changes from the last practice note**

2.1 The New SCAT code 721 G was introduced in April 2021 to enable self-storage premises to be identified separately from general industrials and warehouses.

## **3. Ratepayer discussions**

3.1 No central discussions with agents for the industry have taken place.

## **4. Valuation scheme**

### **4.1 Hereditament**

The average size of the hereditament is in the order of 3000 - 3500 sq. m. and is multi-floored. The average size of the lettable units is in the order of 7.7 sq. m but sizes do vary. The average number of units per hereditament is in the order of 400-450. Some will have external units - more in the nature of lock up stores - but certainly not all.

### **4.2 Unit of assessment**

The self-storage provider is regarded as being in paramount control of the whole self-storage facility and, consequently, the whole of the building occupied by the provider should be treated as one hereditament.

### **4.3 2021 valuation scheme**

Self-storage assessments shall use the national sub-location code SLFS and attached to the national Matrix **A1WSELF1**.

#### **4.3.1 Local tone**

The starting point should be the local tone, derived using rental evidence from the most comparable industrial units. This should be based upon the usual valuation-significant factors, such as location, age, size, eaves height, build type and plot ratio etc.

Having identified the valuation matrix that incorporates this tone, the next step is to manually find the appropriate unit value using the GIA of the Ground Floor of the hereditament to determine the matrix entry point. The resulting unit value should then be discounted by 35% (unit value from local tone x 0.65) and entered in the national address matrix, along with the address of the hereditament. The scheme is equally applicable to purpose-built hereditaments or those converted warehouses with substantial alterations.

The scale used for all self-storage hereditaments with national sublocation SLFS should be V1WSELFGIA1. In the example at 4.3.2, the comparable warehouse/industrial unit in the locality is shown as £100/m<sup>2</sup>. The adopted price for the self-storage assessment should be 35% below that (£65/m<sup>2</sup>). The scale will then factorise the upper floors at 85% for floor level 01, 54% for floor level 02 and 39% for floor levels 03 and 04.

The relativities within the scheme reflect the reduced value of the higher floors because of, for example, restricted headroom. These floors may also remain unfitted pending increased demand.

### 4.3.2 Self-storage valuation scheme example

Comparable matrix price from local industrial tone	Floor level indicator	Use code	Self-storage matrix price (£100 * 0.65)	Scale factor	Scale adjusted price £/m2
£100	GF	WHS	£65	1.00	£65
	01	WHS		0.85	£55
	02	WHS		0.54	£35
	03	WHS		0.39	£25
	04	WHS		0.39	£25

### 4.3.3 Exclusions from the scheme

This scheme and approach are not suitable for traditional purpose-built industrial units (usually multi-storey) which have not had any significant structural alterations and are used for self-storage purposes. These types of properties should be valued in the usual way, using rental evidence from comparable properties.

For the avoidance of doubt, a change of use to a self-storage business within a redundant purpose-built office block will not fall to be valued under this scheme either. These should be valued by reference to the actual rent or tone for similar buildings, applying the scale and matrix applicable to the previous use. The appropriate local sub-location code should be used to ensure that this occurs.

This scheme does not cover sites set up to allow individuals and companies to purchase individual units (pods) within the warehouse for investment purposes where the individual units are sold by granting long leases (to individuals or companies known as unit owners or investors). This is significant as part of the arrangement, unlike the short-term rental model, means that the leaseholder of a unit has overriding rights.

#### **4.4 Plant and machinery**

Where rateable plant and machinery (P&M) is identified the Rating Cost Guide should be used to value these items in accordance with Contractor's Basis principles, including the statutorily-prescribed decapitalisation rate. The relevant spreadsheet "P&M as an addition to another hereditament" on the Non-Bulk Server should be used for this purpose where there are five or more items of rateable P&M.

#### **4.5 Decapitalisation rate**

The 2023 prescribed rate of decapitalisation should be used.

# Practice note 1: 2017 - self storage hereditaments

## 1. Market Appraisal

The concept of self-storage facilities comes largely from the USA where it has developed since the 1970s. It is lower key in this country with an estimated 1000 units now in existence [including container based sites] but of these only some 350 or so are in the occupation of the main providers. However it is clear that this has expanded as consumer awareness has increased and the market matured.

The main providers are:

Access; Big Yellow; Lok 'n' Store; Shurgard Ltd.; Safestore Holdings Ltd. There are, however, many smaller players who may have only one or a small number of stores.

Each tend to have their own website but a better choice is probably <http://www.ssauk.com/>. This is the site of Self-Storage Association and it includes a Site Finder facility that allows all the sites in a discrete location to be identified. However not all occupiers are members of the association. A lot of other occupiers rely on the internet, yellow pages or similar publications for advertising and attracting customers.

### The business

The expression 'self-storage' applies to the provision of facilities that offer DIY storage space of varying sizes to members of the public and businesses. Rental is typically on a month by month basis for as long as is required.

Generally the customer is the only person that holds the key and can come and go as frequently as required during specified hours. Stored items are protected by a licence agreement that is provided by the Self-Storage operator. Security is provided by the operator. The facilities usually take the form of large depots, normally prominently sited along major roads close to densely populated residential areas, retail warehousing and light industrial estates.

Flexibility is probably the key to success of the industry with contracts being as short or long as required. (1 month is usually the minimum). There is a rough 70/30 split between individuals and businesses in terms of usage. The largest concentration of self-storage units is within the M25 area but other large conurbations are picking up.

## **2. Changes from the Last Practice Note**

There are no significant changes from the previous practice note.

## **3. Ratepayer Discussions**

No central discussions with agents for the industry have taken place but local offices will be kept advised of developments. It is also anticipated that for Revaluation 2017, this class is likely to be dealt with by a limited number of agents.

## **4. Valuation Scheme**

### **4.1 Hereditament**

The average size of the hereditament is in the order of 3000 - 3500 sq. m. and is multi floored - hence the nature of the scale. The average size of the lettable units is in the order of 7.7 sq. m but sizes do vary. The average number of units per hereditament is in the order of 400-450. Some will have external units - more in the nature of lock up stores - but certainly not all.

### **4.2 Unit of Assessment**

The self-storage provider (Big Yellow, Shurgard and the like) is regarded as being in paramount control of the whole self-storage facility and consequently there will be only one unit of assessment.

### **4.3 Code of Measuring Practice**

Hereditaments should be measured to Gross Internal Area as defined in the Code of Measuring Practice. Where the local modern industrial tone is based on areas measured to NIA, self-storage warehouses should also be measured to NIA for valuation purposes but a GIA survey should also be prepared and retained on the case file.

Warehouse units that are separate from the main building, with direct external access for customers, should be captured as main space WHS, as a separate line entry. Other types of accommodation such as reception and office areas should be captured as separate line entries using the appropriate accommodation use code, in accordance with the guidance standards.

### **4.4 Valuation Guidance**

#### 4.4.1 Local Tone

The starting point should be the local tone, derived from rental evidence of a modern warehouse unit in a similar location with a good standard of eaves height, plot ratio etc. Having identified the valuation matrix that incorporates this tone, manually find the appropriate unit value, using the GIA of the Ground Floor of the hereditament, to determine the matrix entry point. The resulting unit value should be discounted by 35% (Unit value from local tone x 0.65) and entered in the national address matrix along with the address of the hereditament. The scheme is equally applicable to purpose built hereditaments or those converted warehouses with substantial alterations.

The relativities within the scheme reflect the reduced value of the higher floors. These may remain unfitted pending increased demand

1x	Ground floor	65% }	}	}
		}	120%	}
2x	First floor	55% }	}	155%
			}	180%
3x	Second floor	35%	}	}
				}
4x	Third floor	25%		}

#### 4.4.2 Exclusions from the scheme

For the avoidance of doubt, a change of use to a self-storage business within a redundant multi- floor production facility or purpose built office block will not fall to be valued under this scheme and will therefore be valued by reference to the actual rent or tone for similar buildings by reference to the scale and matrix applicable to the previous use. The appropriate local sub-location code should be used to ensure that this occurs.

#### 4.5. Plant and Machinery

There are no proposals for any changes to the existing regulations (SI 2000/540 & SI 2001/ 846) and these should be used where appropriate.

#### 4.6 De-capitalisation Rate

The 2017 prescribed rate of de-capitalisation should be used.



# **Practice note 1: 2010 - self storage hereditaments**

## **1. Central Discussions**

Limited central discussions with agents for the industry have taken place. Local Offices will be kept advised of developments.

It is also anticipated that for Revaluation 2010, this class is likely to be dealt with by a limited number of agents.

## **2. Nature of the hereditament and State of the Industry**

### **The hereditament**

The concept of self-storage facilities comes largely from the USA where it has developed rapidly since the 1970s. It is lower key in this country with an estimated 350 units now in existence. However it is anticipated that this will expand as consumer awareness is increased and the market matures.

The main providers are:

Access; Big Yellow; Lok 'n' Store; Shurgard Ltd.; Safestore Holdings Ltd. There are, however, many smaller players who may have only 1 store.

Each tend to have their own website but a better choice is probably <http://www.ssauk.com/>. This is the site of Self Storage Association and it includes a Site Finder facility that allows all the sites in a discrete location to be identified. However not all occupiers are members of the association. A lot of other occupiers rely on yellow pages or similar publications for advertising and attracting customers.

The average size of the hereditament is in the order of 3000 - 3500 sq. m. and is multi floored - hence the nature of the scale. The average size of the lettable units is in the order of 7.7 sq m but sizes do vary. The average number of units per hereditament is in the order of 400-450. Some will have external units - more in the nature of lock up stores - but certainly not all.

The public awareness of these facilities is becoming more common and growth has been steady since about 1997.

### **Unit of assessment**

The self-storage provider (Big Yellow, Shurgard and the like) is regarded as being in paramount control and consequently there will be only one unit of assessment.

The business

The expression 'self-storage' applies to the provision of facilities that offer DIY storage space of varying sizes to members of the public and businesses.

Rental is typically on a month by month basis for as long as is required.

Generally the customer is the only person that holds the key and can come and go as frequently as required during specified hours. Stored items are protected by a licence agreement that is provided by the self-storage operator. Security is provided by the operator.

The majority of the purpose-built self-storage units are less than 5 years old.

The facilities usually take the form of large depots, normally prominently sited along major roads close to densely populated residential areas, retail warehousing and light industrial estates.

Flexibility is probably the key to success of the industry with contracts being as short or long as required. (1 month is usually the minimum).

There is a rough 70/30 split between individuals and businesses in terms of usage.

The largest concentration of self-storage units is within the M25 area but other large conurbations are picking up.

### **3. RSA Guidance**

#### **Survey Data - Capture**

The following is intended as a best practice guide to data capture for self-storage hereditaments and follows the advice laid down in the VSA standards (3rd edn).

#### **Code of Measuring Practice**

Hereditaments should be measured to Gross Internal Area as defined in the VOA Code of Measuring Practice. Where the local modern industrial tone is based on areas measured to NIA, self-storage warehouses should

also be measured to NIA for valuation purposes but a GIA survey should also be prepared and retained on file.

Warehouse units that are separate from the main building, with direct external access for customers, should be captured as main space WHS, as a separate line entry. Other types of accommodation such as reception and office areas should be captured as separate line entries using the appropriate accommodation use code, in accordance with the guidance in VSA standards. Where two or more areas of the same type of accommodation are physically contiguous, those areas should be recorded as a single line entry.

**The recommended main accommodation use codes are:**

Code	Default text	Purpose
WHS	Warehouse	Main space in both main building and units with external access.
REC	Reception/ Entrance	Reception, Entrance and Waiting areas
OFF	Office	Best quality office accommodation commensurate with the age and type of the hereditament, superior to ANO.
ANO	Office	Inferior to main office space (OFF), usually with direct access to warehouse space.
ASI	Internal storage	Store rooms which are not included in the main space area.
ASO	External storage	Store or stores with external access only. If there is internal access to main space, use ASI.
BAY	Loading Bay	Part of building(s) used for the transfer of goods and supplies but otherwise no different to main space. A construction allowance may be needed for an inferior open fronted loading bay or consider using CNP where it is in the nature of a canopy.

MSR Mess / Staff Eating area for staff use, equivalent to ANO quality.  
Room

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Other accommodation use codes may be used, where the accommodation exists, provided they are not inconsistent with the type of hereditament or the floor level upon which the accommodation is situated. For full details of permitted use codes, please refer to the scale template in P:\CEO1\Standard Valuation Scales\Warehouses, and the data capture advice in Appendix 1 to VSA Standards.

#### **Beacon characteristics**

The scale assumes that the hereditament is fully heated and insulated but has neither air conditioning nor a fire protection system. Guidance on recording these characteristics can be found in the scale template referred to above. The eaves height of the hereditament should be recorded in the survey data. RSA will make no adjustment for headroom at beacon characteristic level and as the basis (arrived at following the process outlined in 4.0 below) reflects the limited headroom, no additional adjustments for headroom are required at survey unit or line entry level.

#### **Bulk Class Indicator**

All hereditaments should be captured as bulk class “W”, with the appropriate BUT code.

#### **Sub-location code**

The 2010 sub location SLFS must be created in RSA (System Support) for each Billing Authority. This code is the only sub-location that should appear in survey data for self-storage warehouses. This is essential as these properties will be valued using a Type 2 (sub-location) access path to a national address matrix.

## **4. Valuation Guidance**

### **Local Tone**

It is imperative, for the correct functioning of the scheme that the following is complied with.

The starting point should be the local tone, derived from rental evidence of a modern warehouse unit in a similar location with a good standard of eaves height, plot ratio etc. Having identified the valuation matrix that incorporates this tone, manually find the appropriate unit value, using the GIA of the Ground Floor of the hereditament, to determine the matrix entry point.

The scheme is equally applicable to purpose built hereditaments or those converted warehouses with substantial alterations.

The resulting unit value should be discounted by 35% (Unit value from local tone x 0.65) and entered in the national address matrix along with the address of the hereditament.

The relativities within the scheme reflect the reduced potential of full occupation of the higher floors. These may remain unfitted pending increased demand.

For the avoidance of doubt, a change of use to a self-storage business within a redundant multi- floor production facility or purpose built office block will not fall to be valued under this scheme and will therefore be valued by reference to the actual rent or tone for similar buildings by reference to the scale and matrix applicable to the previous use. The appropriate local sub-location code should be used to ensure that this occurs.

#### Access Paths

A type 2 access path must be entered in bulk class "W", for each BA in which a self-storage hereditament exists. Where the local modern industrial tone is based on areas measured to NIA, the path must be entered as follows:

BA	Code
Subloc	SLFS
Lower Age	
Upper Age	
BC	W
Owning Site	501
Matrix Ref	AWXSELF1
Owning Site	501
Scale	VXSELFNIAV1
Owning Site	501
CP Ref	RCPREFLECTV1

Owning Site	501
OA Ref	ROASELFV1

Where the local modern industrial tone is based on areas measured to GIA, the path must be entered as follows:

BA	CODE
Subloc	SLFS
Lower Age	
Upper Age	
BC	W
Owning Site	501
Matrix Ref	AWXSELF1
Owning Site	501
Scale	VXSELFGIAV1
Owning Site	501
CP Ref	RCPREFLECTV1
Owning Site	501
OA Ref	ROASELFV1

#### Pattern Valuations

The first time a pattern valuation is run using either of the above scales, the pattern basis must be set to “S, S, S” to ensure that scale default factors for adjustments, other additions and car parking are used in the valuation.

#### Other Additions and Car Parking

Car parking is reflected in the unit value therefore the CP matrix “RCPREFLECT” will be used in all valuations. The OA table “ROASELFV1” is to be used exclusively for the valuation of this class of hereditament. As storage land is unlikely to be present, the values are set to £0.00 / m2 in the Other Additions table. Where a hereditament includes storage land that

adds value, Groups should overwrite the £0.00 with the local tone figure for ancillary storage land.

## **5. Plant and Machinery**

There are no proposals for any changes to the existing regulations (SI 2000/540 & SI 2001/ 846) and these should be used where appropriate.

## **6. Decapitalisation Rate**

The 2010 prescribed rate of de-capitalisation should be applied where appropriate. This is 5% for this class.

