



Report on the Viability and Demand for Small Commercial Spaces in Camden, London

1. Introduction

This report addresses concerns raised by Camden Council regarding the viability of the proposed commercial unit. It provides evidence of demand for small commercial spaces, references market reports, and aligns the proposal with relevant planning policies from the National Planning Policy Framework (NPPF), the London Plan, and Camden Council's Local Plan.

2. Market Demand for Small Commercial Spaces

Recent market trends indicate a growing demand for smaller, flexible office spaces in London:

- **Workspace Group's Adaptation:** Workspace, a leading provider of flexible office spaces in London, has seen increased demand for smaller units. In response, they have been subdividing larger spaces. Notably, units under 1,000 sq ft (approximately 93 sqm) have experienced a 3% price increase in the six months leading up to September 30, 2024. (Source: Reuters)
- **Occupier Demand Surge:** As of February 2024, occupier demand for London offices reached nearly 12 million sq ft, a 34% increase from the previous year and the highest level in a decade. Significantly, 75% of deals were for spaces of 10,000 sq ft (approximately 929 sqm) or less, indicating a strong preference for smaller units. (Source: Knight Frank)
- **Flexible Workspace Trends:** Flexible workspaces have seen substantial growth, outperforming traditional office markets. UK inquiries for flexible office space increased by 12% year-on-year, marking a 173% rise compared to pre-Covid levels. Occupancy rates in London reached 88%. (Source: Savills)
Workthere reported a 206% surge in UK inquiries for flexible office space compared to pre-Covid levels, with a 14% year-on-year increase in the first half of 2024. Notably, 24% of these inquiries were from occupiers seeking spaces with 20 desks or fewer, up from 12% year-on-year. (Source: Workthere)
- The creative workspace sector in the UK has seen record-high occupancy levels, with flexible workspaces achieving an average occupancy rate of 83% across the country. In London, occupancy rates average 84%. (Source: The Instant Group)

These trends suggest a growing demand for smaller, flexible office spaces.

3. Alignment with Planning Policies

The proposed office unit aligns with several planning policies supporting the provision of small commercial spaces:

- **National Planning Policy Framework (NPPF):** The NPPF emphasizes supporting a prosperous economy by promoting the development and diversification of businesses, particularly small enterprises in urban settings.
- **The London Plan:**
The London Plan emphasizes providing affordable workspace for SMEs and start-ups. Key policies include:
 - **Policy E2: Low-Cost Business Space:** Supports the provision, protection, and expansion of low-cost business space to meet the needs of SMEs, encouraging flexible workspaces in new developments.
 - **Policy E3: Affordable Workspace:** Secures affordable workspace at below-market rents for start-ups, early-stage businesses, and specific sectors like charities, social enterprises, and creative industries.
 - **Policy E8: Sector Growth Opportunities and Clusters:** Promotes the development of business clusters and innovation districts that often include affordable, flexible workspaces for start-ups and SMEs.

These policies underscore the London Plan's commitment to fostering an environment conducive to SME growth.

- **Camden Council's Local Plan:**
Camden's Local Plan stresses the importance of smaller, affordable workspaces to support SMEs and start-ups. Notable policies include:
 - **Policy IE1: Growing a Successful and Inclusive Economy:** Supports businesses of all sizes, especially in key growth sectors, and emphasizes maintaining a stock of affordable premises for smaller businesses.
 - The **Affordable Workspace Strategy** further supports the provision of below-market-rate workspaces for growing businesses, working with local providers to offer cheaper rents and utilizing vacant spaces.

These policies highlight Camden's commitment to creating an inclusive economy by ensuring that SMEs and entrepreneurs have access to affordable workspaces.

4. Design Considerations for the Proposed Space

To address concerns about adaptability and potential vacancy, the proposed office unit has been designed with the following features:

- **Flexible Layout:** The 20 sqm space is adaptable for various business needs, such as individual workstations, collaborative areas, or consultation rooms.
- **Modern Amenities:** The unit will be equipped with high-speed internet, climate control, and access to shared facilities, ensuring suitability for potential occupiers.
- **Targeted Occupiers:** The space is intended for freelancers, consultants, start-ups, and small businesses seeking affordable, flexible office solutions outside the congested town centre.

5. Examples of Small Commercial Studio Spaces in High Demand in London

Several facilities demonstrate the strong demand for small commercial studio spaces in London:

- **Mainyard Studios:** Offers private offices, coworking desks, and creative studios for freelancers and entrepreneurs. (Source: Mainyard Studios)
- **Bloqs London:** Provides affordable studio spaces in converted shipping containers with 24/7 access. (Source: Bloqs London)
- **Bussey Building:** A thriving creative hub in Peckham, housing over 120 independent enterprises. (Source: Financial Times)
- **Eat Work Art:** A prominent creative workspace provider with multiple locations in London, including Hackney Downs Studios and Netil House, which collectively operate over 200 studios catering to creative professionals. (Source: Eat Work Art)

6. Conclusion

The proposed unit addresses the clear demand for small, flexible workspaces in London. Its design ensures adaptability to various business needs and aligns with market trends and planning policies from the NPPF, the London Plan, and Camden Council's Local Plan. By providing affordable, adaptable workspace, the unit is poised to attract occupiers and contribute positively to the local economy, mitigating concerns about vacancy or unauthorized residential conversion.

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