



## ECONOMIC IMPACT STATEMENT

### GREATER LONDON HOUSE

August 2016

Our Ref: Q70356

## Contents

|   |   |    |
|---|---|----|
| 1 | INTRODUCTION .....                              | 1  |
| 2 | ASOS – A SUCCESSFUL START UP .....              | 2  |
| 3 | CAMDEN’S ECONOMIC CONTEXT & OFFICE MARKET ..... | 3  |
| 4 | LABOUR MARKET PROFILE .....                     | 9  |
| 5 | ECONOMIC IMPACT OF ASOS .....                   | 13 |
| 6 | SUMMARY AND CONCLUSIONS .....                   | 19 |

## 1 INTRODUCTION

- 1.1 ASOS is a global online fashion retailer with its headquarters housed in Greater London House (GLH), Borough of Camden for over ten years. In order to cater for ASOS's growth, the Lazari Investments Limited are applying for planning permission to deliver additional floorspace at GLH in the form of an infill scheme within the existing open air atrium/lightwell of GLH.
- 1.2 ASOS sees the long-term future of its business in GLH and, subject to being able to accommodate its growth, would seek to sign a lease until 2033. Otherwise, ASOS will be forced to relocate, most likely out of borough altogether.
- 1.3 This report sets out the headline economic impacts, which demonstrate the value of retaining ASOS within GLH and the London Borough of Camden as a whole.

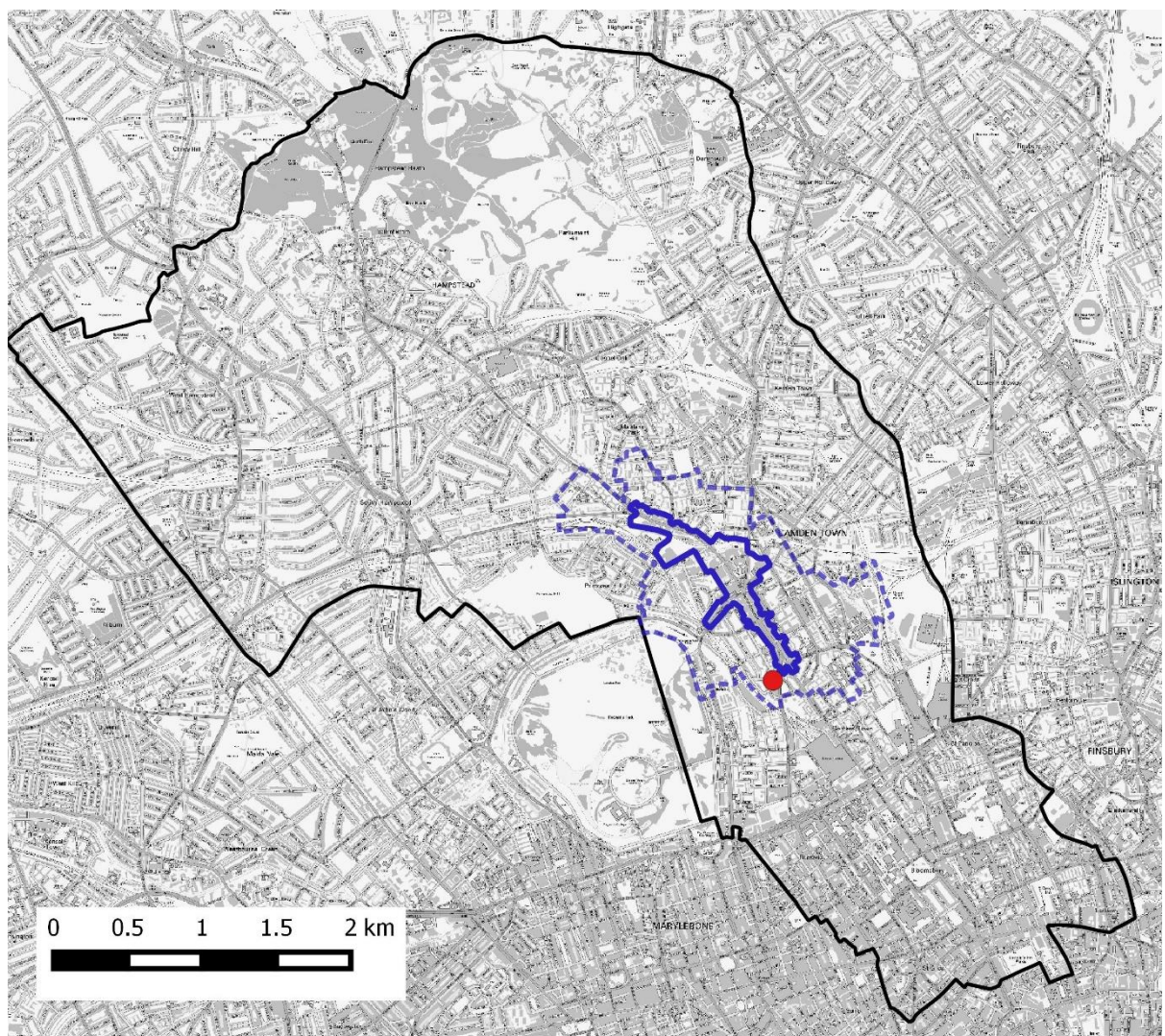
## 2 ASOS – A SUCCESSFUL START UP

- 2.1 ASOS was founded by Nick Robertson and Quentin Griffiths in 2000. Since its beginnings in north London, ASOS has grown into the UK's largest online fashion and beauty retailers.
- 2.2 Recognising the power of the celebrity the initial concept for the company (the name comes from As Seen On Screen) was to enable viewers to source clothing and other items seen on celebrities. The focus shifted towards targeting the 18 – 24 year old fashion conscious market who were looking to copy celebrity looks. The company was floated for 20p a share on London's AIM valued at £12 million.
- 2.3 Since then the company as a whole has grown from a small start-up to global success with offices in London, Sydney, New York, Shanghai, Paris and Berlin. Annual revenue in 2015 was £1.15 billion, representing 18% growth from 2014. Gross profits in 2015 were up 19% from the previous year to £574.8 million.
- 2.4 ASOS UK presence includes its headquarters at GLH, a 24-hour customer service care office in Hemel Hempstead, the central distribution centre in Barnsley and a technology hub based in Birmingham's arts and media quarter.
- 2.5 ASOS moved into GLH over ten years ago with 120 staff, now there are 2,440 staff based at GLH. ASOS's growth projections estimate that this will rise to over 3,500 by 2020.
- 2.6 ASOS's lease is due to expire in 2018. In order to accommodate their projected growth, ASOS have requested that the Applicant seeks planning permission for additional floorspace. If the additional space is not granted permission by November 2016, ASOS will have to find alternative premises. Due to the cost of alternative accommodation within the borough, ASOS will have to relocate outside of LBC.

### 3 CAMDEN'S ECONOMIC CONTEXT & OFFICE MARKET

3.1 The site sits just outside Camden Town's town centre boundary. Camden Town is classified as a 'Major Town Centre' within the London Plan. Figure 3.1 below illustrates the site in the context of the Camden Town Centre boundary and the spatial context of the rest of the borough. This section considers Camden Town's role within the context of the borough as a whole.

**Figure 3.1: Camden Town Spatial Context**



- Site
- ▭ Camden Town Centre Boundary
- ▭ Camden Town Surrounding Area
- ▭ LB Camden

**a) Borough Wide Economic Context**

- 3.2 Camden accommodates approximately 29,100 businesses, 84% of which are defined as being micro businesses with less than ten employees. At the other end of the scale there are only 25 businesses based in the borough with over a thousand employees (10 of which are public sector (Central Government) employers).
- 3.3 There is a bio-medical sector hub centred on Euston. Kings Cross is developing into a tech cluster, attracting a mix of tech, media and creative tenants including, Google, Universal Music and Havas.
- 3.4 These clusters at Euston and Kings Cross are the two largest concentrations of office floorspace, particularly large format office space suitable for firms of this scale.
- 3.5 Away from these clusters, in the centre of the borough, there are very few large offices, and the significance of Greater London House to the fashion and creative cluster in Camden Town is striking.
- 3.6 Camden Town is situated in the centre of the borough. While the success of the markets and the evening economy have justly brought wide attention for Camden Town, the area has also more quietly become a significant hub for creative industries.

**b) Creative Industries & Economy**

- 3.7 London has a reputation as a leading international centre of creativity. London Plan (2016) recognises that the creative sector is central to London's economic and social success.
- 3.8 Creative Industries account for £34.6 billion or 10.7% of London Gross Value Added (GVA) annually. It is the second largest industry after the business services sector and ranges from music and video games to design and fashion. This sector also offers London's second biggest source of job growth, contributing roughly one in every five new jobs.
- 3.9 The creative economy as a whole encompasses creative jobs that exist within creative industries and created jobs in non-creative industries. Based on 2014 data<sup>1</sup>, there were 795,800 jobs in the creative

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<sup>1</sup> ONS (2014) Annual population Survey

economy in London, or 16.3 per cent of total jobs in the capital. This compares to 1.96 million jobs in the creative economy in the rest of the UK, which is equivalent to 7.4 per cent of the total number of jobs in the rest of the UK.

- 3.10 The GLA works to support and promote key growth sectors such as Film, Fashion, Design, Digital Media and Music, and works in partnership with high profile international events such as the London Film Festival, London Fashion Week, and London Design Festival.
- 3.11 The creative industry is expected to be the fastest growing sector in London over the next 10 years, creating over 100,000 new jobs (London Plan 2006). Location choice is driven by lower rent locations, access to market and ability to attract and retain high quality staff. The leisure facilities and ease of transport within the commercial area can be a significant determiner for decisions made regarding employment. The London Plan considers that it is important that projects are identified to support and enhance the small business sector, including initiatives which broaden the range of retail activity to provide for local people and Londoners as well as visitors.
- 3.12 It is a priority in the London Plan to identify the needs of key creative businesses of all sizes and will seek to ensure that they benefit from London's world city environment. Existing clusters should be protected and further support should focus on developing creative industries in identified priority areas to drive regeneration.

**c) London's Fashion Industry**

- 3.13 Fashion headquarters in London were traditionally in the West End, with access to the unparalleled international centre of retail. However over recent decades, as fashion groups have grown and west end office floor space has got more expensive, there has been a trend towards larger headquarters to be located in West London, with access to both the West End and Heathrow:
- Net-a-porter - Shepherds Bush/ White City;
  - Monsoon Accessories Ltd - Shepherds Bush/ White City;
  - Marks and Spencer – Paddington;
  - Boden – North Acton;

- Firetrap – North Acton; and
- River Island – Hanger Lane/ Park Royal.

3.14 Camden is currently one of the few other places that is able to rival that cluster of fashion businesses, and the presence of fast-growing ASOS is important to Camden's future place in this sector.

**d) Camden Town's Creative Cluster**

3.15 Camden town is an internationally renowned tourist, retail and entertainment core. However, along with this buzzy, young and trendy reputation, Camden Town has become a commercial hub for the cultural and creative industry.

3.16 There are a large number of national and international companies located working in areas such as software consultancy, media, publishing, advertising and most importantly in the context of this report, fashion. Camden town is also the home to a whole host of design-ordinated Small to Medium Sized Enterprises (SMEs).

3.17 Along with the creative industry firms in Camden Town, there are several offices related to national and international fashion retailers within the borough, including:

- French Connection Group Plc;
- Debenhams;
- Hugo Boss UK Ltd;
- Whistles; and
- Ted Baker Plc.

3.18 The largest and fastest growing of this cluster is ASOS in GLH.

3.19 This success in attracting high profile names partly because of Camden Town's attractions as a leisure and retail destination, and at the same time helps support and sustain that leisure and retail function.

3.20 However, Camden Town's high profile as a visitor destination risks overshadowing its role as a business location, and maintaining the larger and higher profile businesses is important in maintaining its reputation as a location for the many smaller creative firms in the area.

e) **Office Market**

3.21 LBC's Employment Land Study 2014 identifies three office submarkets across the borough, the Central London Area, Camden Town and the Outer London Borough of Camden Area.

- **Central London Office Market** - This area contributes towards London's global city role. This area is made up for a combination of more established employment locations including Tottenham Court Road and Holborn and growing areas such as Kings Cross and Euston. This area caters for large corporate occupiers and had a large quantity of large floorplate office stock suitable for the needs of large companies.
- **Camden Town** – This is a secondary office market, with limited large modern office stock. The area has a vibrant and thriving market catering for smaller businesses, with concentrations of creative and media occupiers looking for more cost effective, simpler buildings and flexible buildings.
- **Outer Camden Office Market** – office premises within this subarea caret for local demand. The stock in this area is characterised by small units on first and second floors units above retail and other commercial uses.

3.22 GLH sits within the Camden Town sub-area (as defined by the Employment Land Study). Camden Town has a substantial supply of office floorspace, however most of which is configured for small and medium businesses and multiple lets. It rents are competitive, suitable for attracting and retaining growing enterprises.

3.23 Camden Town lacks the larger modern office buildings seen in comparable town centres such as Hammersmith or Paddington. Camden Borough has a whole, has seen significant development of the larger office formats come in areas such as Kings Cross and Euston. However Camden Town has not kept up in this regard. GLH is one of the largest office building within Camden Town suitable for accommodating large companies.

3.24 Camden Town doesn't have the development sites to deliver large floorplate offices required to meet the needs of large scale employers such as ASOS. Therefore in order to meet demand, investment is required into the quality of the existing office stock such as GLH.

**f) Greater London House**

3.25 GLH sits opposite Mornington Crescent underground station, on the edge of Camden Town. This office building was built in 1926 and is one of London's most iconic art deco buildings. Originally this building was a cigarette factory, but converted into offices in the 1960s.

3.26 GLH has a total floorarea of 33,077 sqm GEA over seven storeys. ASOS is the largest occupier, along with several others including, the British Heart Foundation, Young and Rubicam Advertising Agency, Wunderman, Revlon, Wonga.com, Radely and Co and others.

3.27 ASOS currently occupies 54% of GLH. This planning application seeks permission to infill the existing open air atrium of the building at upper ground, level one and two, along with additional ancillary floorspace at lower ground floor level.

3.28 The total quantum of additional floorspace for ASOS would be 3,897 sqm GEA.

3.29 If permission is granted for these works, ASOS are prepared to sign a lease up until 2033. This commitment will secure a long term tenant for the Applicant, but will also secure 3,500 jobs within LBC, along with a range of economic impacts which are discussed further later in this report. This will also enable the council to retain an internationally known company such as ASOS within Camden.

## 4 LABOUR MARKET PROFILE

4.1 A full assessment of the current labour market in the area surrounding GLH has been undertaken to gain an understanding of the impact of ASOS headquarters to the local and wider economy.

4.2 The geographies taken into account include the following:

- Camden Town – A local area profile has been established to cover Camden Town defined as the local area surrounding Camden Town Centre. This is comprised of the best fit of Super Output Areas within the boundary shown in Figure 3.1.
- District Level – Borough: GLH falls within the London Borough of Camden which has been used as a comparator area; and,
- Regional Level – London has been used as a comparator area.

a) **Camden Town's Working Day Population**

4.3 According to data from the Business Register and Employment Survey (BRES) (2014), there are approximately 27,700 people working in Camden Town. This accounts for 8% of all workers across the Borough of Camden.

4.4 Over half the workers in Camden Town are young professionals aged 16 to 35. This is significantly higher than across London as a whole where this age bracket represents 44% of all London employees.

4.5 Camden Town and the Borough of Camden have a high density of workers with 115 and 125 workers per hectare respectively according to 2011 Census data. This compares to 29 workers per hectare across London as a whole. Areas to the south of the Borough of Camden are most densely occupied by employees.

4.6 Employees based in and around Camden Town, on average, travel 16km to their workplace. This is lower than the average across the Borough of Camden (21km) but higher than London as a whole (18km).

- 4.7 The top three industries in Camden Town are Retail (15.5%), Professional, scientific and technical (15.2%) and information and communication (14.0%). Together these industries account for 45% of all employment in Camden Town.
- 4.8 The retail industry is particularly strong in Camden Town accounting for 10% more jobs than is found across the London Borough of Camden (5.3% jobs in Retail) and in London as a whole (8.6% jobs in Retail).
- 4.9 Table 4.1 below compares the industries of Camden Town to the borough and London as a whole.

**Table 4.1: Camden Town Industry Profile**

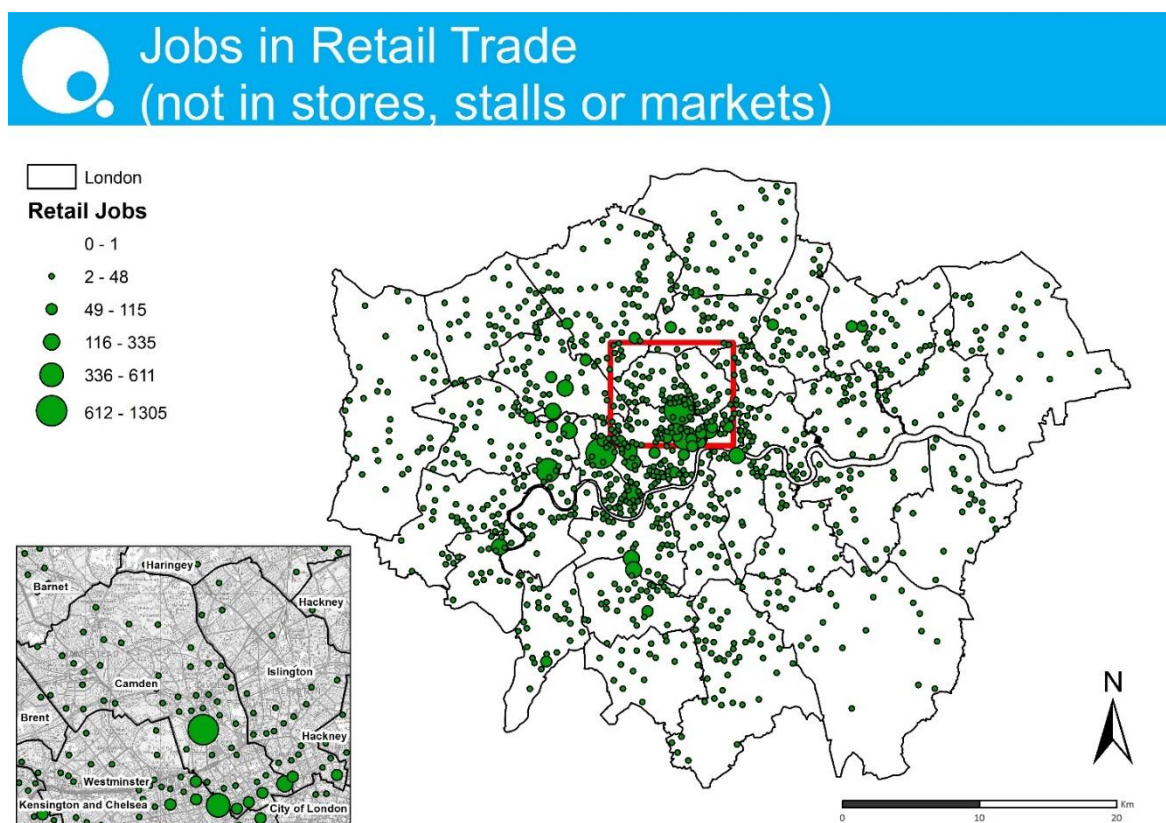
| Industry                                   | Camden Town | LB Camden | London |
|--|-------------|-----------|--------|
| Retail                                     | 15.5%       | 5.3%      | 8.6%   |
| Professional, scientific & technical       | 15.2%       | 21.4%     | 13.0%  |
| Information & communication                | 14.0%       | 10.9%     | 7.9%   |
| Health                                     | 13.5%       | 11.1%     | 10.2%  |
| Accommodation & food services              | 9.3%        | 7.7%      | 7.6%   |
| Education                                  | 4.1%        | 9.9%      | 8.1%   |
| Business administration & support services | 3.8%        | 11.0%     | 10.4%  |

- 4.10 In a time series over the six years from 2009 to 2014, the data shows that the previous dominant industry in Camden town was Professional, scientific and technical accounting for 20% of workers in 2009 and 21% in its peak. This has fallen almost 5% to 15.2% of workers in 2014 causing the industry to become the second most common in Camden Town.
- 4.11 On the other hand, the Retail sector has grown in Camden Town in the same time period. The industry accounted for 11.9% of workers in 2009 which has since risen to 15.5% causing the industry to become the top industry in Camden Town.
- 4.12 A deeper study into the retail sector shows that much of this growth has been within 'retail trade not in stores, stalls or markets', which would include companies such as ASOS. In 2009 this sector accounted for 12% of all retail employment in Camden Town which has steadily risen to 32% of all

retail employment by 2014. Looking at the lower level super output area which GLH is within, it shows that most of the growth in this sector in Camden Town. This demonstrates the impact of ASOS's presents within this area.

- 4.13 This sector of the retail industry mapped across London shows that the jobs within Camden (largely within GLH) are significant to the industry regionally. Other significant locations include areas towards West London with a significant proportion of jobs located in the Royal Borough of Kensington and Chelsea where Monsoon and Net-a-Porter retailers are headquartered.

**Figure 4.1 – Jobs in Retail Trade not in stores, stalls or markets across London**



**b) Camden Town's Resident Population**

- 4.14 There are approximately 23,300 people living in Camden Town. Nearly 80% of residents are of working age (16 to 74 years old) which is in line with the borough but significantly higher than London as a whole at 75%.
- 4.15 Residents of Camden Town are most likely to live in social rented accommodation (41%). This is significantly higher than the London Borough of Camden (33%) and London as a whole (24%). A significantly lower proportion of residents in Camden Town own their homes at only 26% of households compared to 32% across the Borough of Camden and 48% across London as a whole.
- 4.16 A lower proportion of Camden Town residents are economically active (66%) when compared to the borough (68%) and London (72%). There is a higher proportion of students living in Camden Town and the Borough of Camden accounting for 13% of the economically inactive population. This compares to only 8% across London as a whole.
- 4.17 Camden Town residents are most likely to be employed in Professional, scientific and technical activities (accounting for 17% of resident's employment). This is in line with the borough resident profile but differs from London as a whole where the most common industry is Retail (accounting for 13% of employment).
- 4.18 Other common industries for employment among residents of Camden Town are Retail (11%), Education (9.7%) and Human health and social work activities (9.7%).

## 5 ECONOMIC IMPACT OF ASOS

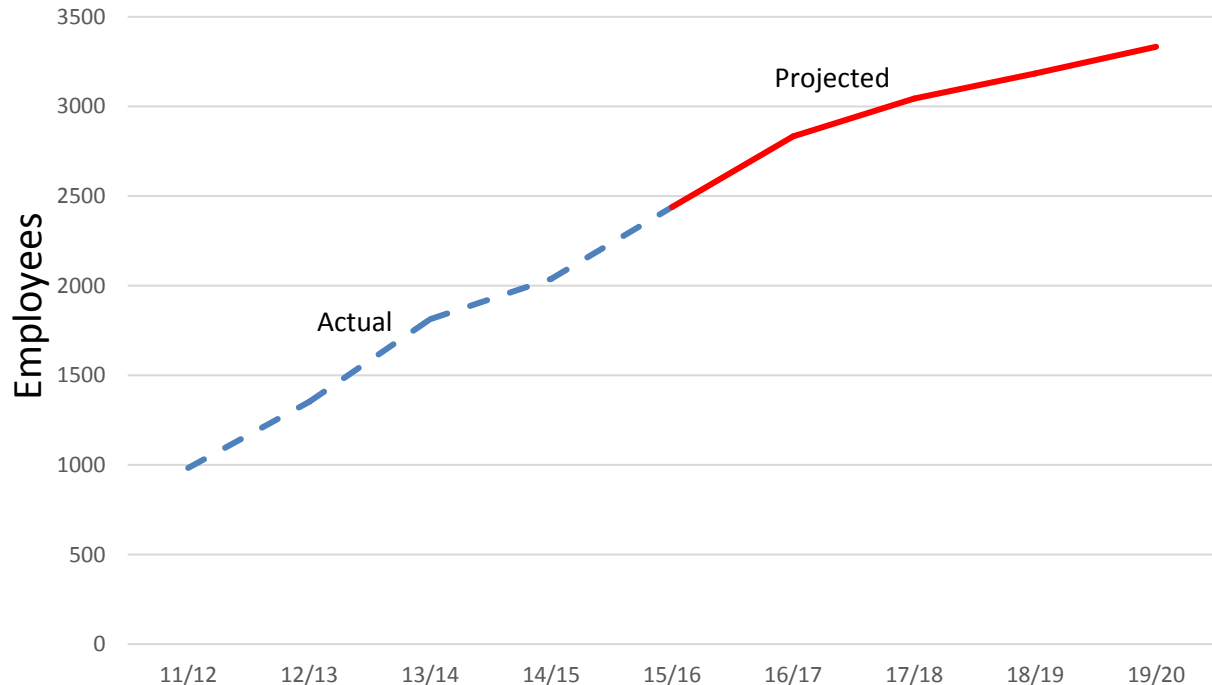
5.1 This section sets out the economic impacts associated with ASOS within the context of its location within Camden.

### a) Employment

5.2 ASOS moved into GLH with 120 employees, since this time, it has grown to be one of the borough's largest employers.

5.3 ASOS currently employs 2,500 people accommodated within GLH. The current growth projections estimated there will be 1,000 new jobs created within the company by 2020. Figure 5.1 below illustrates the company's growth over the last five years and shows how this level of growth is projected to continue.

**Figure 5.1 – ASOS Growth (employee figures)**



- 5.4 If the additional floor space required can be delivered at GLH, ASOS are willing to commit to a lease to 2033. This will now only allow the council to retain these existing jobs, but to secure 1,000 additional jobs and the overall economic benefit of the employment growth in the long term.
- 5.5 Retaining growing employers within Camden creates employment opportunities for local residents. There are currently 122 employees working in ASOS that are Camden residents. The additional 1,000 jobs over the next four years will create new opportunities for more Camden residents.
- 5.6 Indirect employment would be generated with the economy due to the growth in employment within ASOS. Additional employment would be created within the supply chain and within businesses which support ASOS. Using standard employment multipliers<sup>2</sup> it is estimated that an additional 210 jobs would be created within LBC as a result of the additional 1,000 jobs projected here. At the regional level, 380 additional jobs would be created across Greater London.

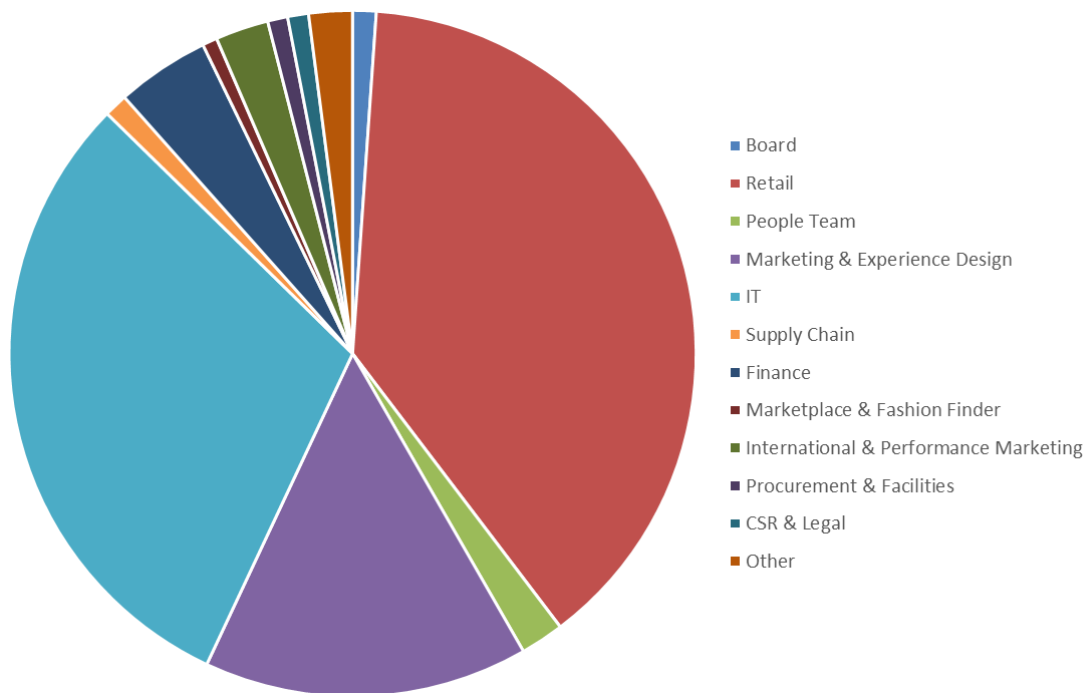
**b) Employment Profile**

- 5.7 Employment within ASOS ranges across various sectors, from design, retail and marketing to digital and IT. ASOS also have variety of jobs across the skills profile. Figure 5.3 illustrates the mix of skill profile across the ASOS jobs located at GLH.
- 5.8 This illustrates how ASOS's employment profile fit across the borough's established creative cluster and emerging tech cluster.
- 5.9 Further analysis of the skills profile of the projected employment growth show that 40% of the new jobs will be in the retail department and 36% will be within the IT department.

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<sup>2</sup> HCA (2014) Additionality Guide

**Figure 5.2: Employment Profile**



**c) Training and Development**

- 5.10 The company offers excellent training and development opportunities allowing people to progress through their career.
- 5.11 ASOS has a twelve month intern program offering accredited placements across the business including: marketing, buying, merchandising, garment technology, software engineering, learning and development, pattern cutting, finance and sourcing. There is also a shorter six-month intern programme.
- 5.12 ASOS have an ongoing relationship with a training providers called Fashion Enter who they run retail apprenticeships (Level 3 in Garment Tech and a Level 4 in Buying and Mechanising).
- 5.13 There are currently 26 Internships across Finance, People, Retail (Buying, Merchandising, Design, Garment Tech, Sourcing), Marketing, Technology for 6-12 months which are accredited placements.

ASOS have relationships with a number of universities and colleges<sup>3</sup> but all of the schemes are open to all students to apply from any colleges.

- 5.14 ASOS are undertaking a review of this programme, hoping to expand this further across other functions and develop a formal graduate programme.

**d) Local Businesses**

- 5.15 ASOS's business model has a number of strands, selling both its own labels but also other larger global brands along with smaller labels.

- 5.16 Through its Marketplace platform, ASOS offers a service to approximately 1,000 smaller independent labels and vintage boutiques, allowing smaller growing businesses access to a global marketplace.

- 5.17 ASOS work with a number of Camden based brands including:

- |                           |                 |
|---------------------------|-----------------|
| ▪ Mimi holiday            | ▪ Whistles      |
| ▪ Billabong/Ruca showroom | ▪ Dr Martin     |
| ▪ Made jewellery          | ▪ Keds          |
| ▪ Hugo Boss               | ▪ Dot & Cross   |
| ▪ French connection       | ▪ Post Fashions |
| ▪ Ted baker               | ▪ Flux          |
| ▪ Debenhams               | ▪ PC Clothing   |
| ▪ Alpha industries        | <b>e)</b>       |

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<sup>3</sup> Aston, Surrey, Manchester, Portsmouth, Warwick, Birmingham, NTU, MMU, Southampton, Cambridge, Kingston, Bath, Loughborough, DMU, Kent, Leeds, Birkbeck, UCL, Imperial, Aston, Epsom, LCF, CSM, Brighton, Bournemouth, Heriot-Watt, Southampton Solent, Ravensbourne, Instituto Marangoni and Huddersfield (NOVUS), FRA

**f) Community Benefits**

5.18 ASOS's corporate responsibility strategy focused on 'Fashion with Integrity'. This includes a number of local community programmes that directly benefit Camden. These include:

- Partnership with Centrepoin - supporting the residential facilities in Camden, along with mental health services for clients;
- Supporting the Roundhouse young people's programmes and 'Call to Create' every year since 2011;
- Prince's Trust - programmes for unemployed young adults in fashion, web design and technology run throughout the year at Greater London House;
- Arrival Education - programmes to engage disadvantaged secondary school pupils;
- Networking events – targeted for local fashion businesses started with Prince's Trust support;
- Interview styling sessions and clothing provided for Haverstock Career Academy;
- Arranged Paralympic Sports Day for students at Haverstock School as part of ASOS' Paralympic GB sponsorship;
- Clothing Donations - Clothing provided to numerous Camden schools, charities and charity shops including C4WS drop-in sessions (Homeless charity), Oxfam and Scope
- Volunteering - 2,500+ colleagues are entitled to a paid day out of the office volunteering each year. Recent examples in Camden: colleagues are visiting hospital wards (Kiss it Better), assisting elderly residents (Good Gym), running workshops for teenagers (Roundhouse Coding Club), workshops for schools (Haverstock School)

**g) Wider Economic Benefits**

5.19 The Application includes 3,897 sqm (GEA) of additional floorspace within the existing light well of the building. This will allow for the delivery of high quality, large format, office floorspace required by ASOS to accommodate their growing business. The improved layout of the office floorspace will

provide better internal connectivity, helping to improve the working environment for staff and build stronger collaboration within and across various teams and departments.

- 5.20 As of April 2013, the Local Government Finance Report confirmed that 50% of business rate growth collected can be retained by councils to spend on local priorities. In the 2015 Autumn statement that Government announced that from 2020 councils can retain 100% of business rate growth locally.
- 5.21 It is estimated, based on the rateable value of the existing floorspace that the additional floorspace would generate additional business rates of half a million pounds per annum.
- 5.22 Employees working here would have a beneficial impact on the local economy through additional spending on food and drinks as well as other local businesses including the long standing Camden Coffee Shop on Delancey St where ASOS employees are often seen queuing to get their fresh roasted coffee. The surrounding area benefits significantly from the existence of a young professional workforce based here, including many shops, restaurants, cafes, pubs and clubs.
- 5.23 The UK Working Day Spend Report published by VISA estimates that employees spend £11 on average in the local areas where they work. The increase in employment accommodated by this proposal would generate additional spending of £2.3 million per annum within the local area.

**h) International exposure**

- 5.24 ASOS' business presence spans across the five continents, ASOS delivers to all recognised countries across the globe, and is steadily growing day by day.
- 5.25 Above and beyond its stable workforce, ASOS welcomes large number of international visitors such as suppliers, consultants, employees on a daily basis thus raising the profile of the Borough of Camden not only as a touristic venue but also as a place of international business.

## 6 SUMMARY AND CONCLUSIONS

- 6.1 ASOS is one of the largest employers within Camden. This successful start-up began in 2000 and since has grown into a global company, with an annual turnover of over one billion pounds.
- 6.2 Greater London House is currently not able to accommodate ASOS' longer term growth. Projected to create almost 1,000 additional jobs by 2020, ASOS requires more floorspace to meet its needs. If this cannot met at Greater London House, ASOS will have no other option but to relocate as maintaining all employees under one roof is part of ASOS' DNA. It is likely that this relocation would be to west London, as has become an emerging trend for fashion businesses.
- 6.3 Camden has become a creative and tech hub over the past few decades. ASOS straddles these two sectors, fitting with both the emerging tech hub at Kings Cross and the historic markets of Camden Town.
- 6.4 It would be a major employment and economic loss for the borough to lose ASOS should they have to relocate. The Council should consider all opportunities to retain this business through working with the Applicant to meet ASOS's needs at Greater London House.