



MURPHY'S YARD

AN APPLICATION BY FOLGATE ESTATES LIMITED

COMMERCIAL STRATEGY REPORT
JUNE 2021

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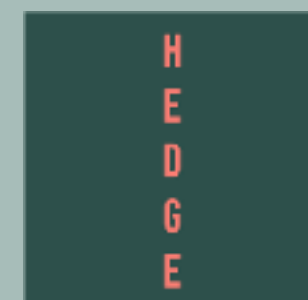
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MURPHY'S YARD COMMERCIAL STRATEGY REPORT

JUNE 2021



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1. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This report, commissioned by Folgate Estates, has been prepared to support an outline planning application to explain the demand for commercial uses on site, and how the proposed land uses may come forward as part of the detailed design which will be subject to future RMAs.

Murphy's Yard scheme will deliver:

- 36,043 sqm (sq ft) GEA of light industry
- 34,250 sqm (sq ft) GEA of office
- 4,418 sqm (sq ft) GEA of general industry and/or storage and distribution
- 15,630 sqm (sq ft) GEA of healthcare
- 1,873 sqm (sq ft) GEA of retail and/or commercial
- 1,327 sqm (sq ft) GEA of flexible mixed-use

The scheme designed by Studio Egret West focuses on inspirational design and highly considered layout to bring together a diverse yet complimentary set of uses. The scheme has high quality connectivity for people and cyclists.

The site presents an opportunity to deliver a major new mixed use development that enhances and complements Kentish Town including the High Street, while creating a place where knowledge, design and creativity, making and production all come together in one co-located dynamic business cluster, within which all the Borough's key business sectors are able to coexist and collaborate.

Murphy's Yard will be a location dedicated to providing space for innovative and growing businesses, creating a supportive environment in which SMEs in particular can thrive and grow. It will provide flexible commercial spaces designed to accommodate a variety of different sized businesses throughout their lifecycle, with varying unit size, configuration and typology, allowing and actively encouraging businesses to remain in the area long term with generous amounts of 'move on' space into which they can grow.

Murphy's Yard will generate a percentage of affordable workspace to support the start-up and small business community in the Borough, and Folgate are keen that this affordable workspace benefits small businesses in Camden.

In a post-Covid environment the development is ideally timed to respond to emerging trends and the changing requirements of businesses. In many regards the project will be a flagship project for new commercial requirements in the post pandemic era.

A key part of the philosophy of Murphy's Yard is to create an active and energised ground floor that creates a sense of place for the whole development. On the ground floor, a variety of small businesses will be the focal point and lifeblood of the scheme, creating great theatre, excitement and engagement for residents and visitors alike.

The industrial heritage of the site is celebrated both from an architectural and heritage approach, in addition to preserving and intensifying the use of industrial on the site to accommodate the emerging London Maker Movement amongst other predominantly light industrial uses within the site. The ground floor light industrial spaces will be curated to accommodate maker spaces, to maximise active frontages on to some of the public spaces and to create a vibrant working yard feel for the development. From these ground floor spaces, businesses will be able to engage with potential consumers; displaying their goods and services, while celebrating and displaying the manufacturing and making process.

From a retail and leisure perspective, a major focus of the strategy has been to create an offer that compliments the High Street rather than competing with it. The scheme is designed to create an offer that respects and reinforces the existing High Street, whilst also providing new reasons for people to visit Kentish Town.

All of this will be tied together with an extensive provision of both green space and public realm, with the proposed Heath Line providing a 600 metre green journey through the development, linking the new space as well as the wider Kentish Town to Hampstead Heath.

The proposals seek to create an environment that enhances health and wellbeing for the residents, workers and visitors of Kentish Town and Camden, while creating a place in which people will want to spend time, whether that may be for work or leisure.

Industrial Uses

The report focusses on light industrial at Murphy's Yard in place of the current heavier industrial uses, which will co-locate more comfortably alongside residential, retail, office and other non-industrial space, and respond to the changing industrial needs in inner London. Whilst acknowledging market drivers may dictate other uses over time Folgate see the industrial component as integral to a truly mixed use project.

Dedicated industrial space of the scale proposed at Murphy's Yard is likely to generate interest as a result of the steady decline of industrial stock across inner London, within a market with active demand. In this location specifically, light industrial occupiers are likely to be predominantly small and medium businesses, in some cases expanding from places such as Highgate Studios, which is adjacent to Murphy's Yard.

The maker space movement in London continues to grow and requirements remain strong despite the Covid-19 pandemic. In addition to maker space, there is also a wide range of other light industrial uses which will be attracted to the site, including gaming studios, small factories, photography studios, breweries, food production, soft drink production, fashion houses, music studios etc. Beyond these more conventional industrial typologies, we consider Murphy's Yard to be in a good location to include some more innovative, experimental uses such as life sciences (covered in its own section below), vertical farming, dark kitchens, etc.

EXECUTIVE SUMMARY

Stacked Industrial

As there will be a specific minimum quantum of industrial space to be included on site, multi-storey industrial is proposed to improve building efficiency. There are two principal types of multi-storey industrial, both of which will have different requirements and end users. The first of these is effectively a modern version of Victorian warehouses (multi storey industrial units), which we believe will work well at Murphy's Yard for makerspace-type tenants subject to the design of the building being appropriate for those users.

The second is stacked light industrial/distribution; a building type which is not widely available in the UK due to the expense of construction and the reluctance of occupiers to pay competitive rents for space which is more compromised in terms of loading and access than alternative ground floor options. Stacked industrial schemes are increasingly being considered and researched, but very few have yet been delivered. A challenge of the stacked industrial buildings will be the quantum of space available at once.

It is proposed that the stacked industry buildings are delivered in separate phases, however there will still be the challenge of occupying the space as it becomes available. For all the stacked industrial building space to be let is likely to be a lengthy process and a commercial risk, therefore propose flexibility in the uses of these buildings, such as life sciences, in addition to some additional stages of work in advance of the detailed planning application for these buildings, to ensure this product will be acceptable to the market prior to construction, such as market engagement and soft market testing, nearer the time of delivery.

Offices

Whilst the start-up ecosystem remains robust in Kentish Town, the ability for high-growth businesses across a variety of sectors to scale and move through the various stages of evolution into Growth and Established stages and remain within Kentish Town is almost impossible. There is one current single leasing opportunity within the NW5 postcode above 10,000 sq ft (to accommodate 80-120 people), which is actually 2 combined ground floor units in Highgate Studios.

The lack of modern, fit-for-purpose office space for businesses with 100+ employees has meant a number of occupiers, once they reach a certain size, have had to look in neighbouring submarkets to satisfy their workspace requirements.

In order to keep successful businesses who seem loyal to the Kentish Town submarket, such as Mumsnet, The Shadow Robot Company, Softwire and Stride Gaming, we have to ensure they have appropriate space to graduate into.

Retail and Leisure

The philosophy for the retail and leisure component of the scheme should focus on creating a complementary offer to the existing town centre and a cultural offering for the scheme. The main focus of the offer is based predominantly on local independent food heroes and small chains, to provide a point of difference and attraction. This should include a reasonable quantum of outdoor dining space, which the existing High Street is largely unable to replicate.

The proposed street food and market hall proposition provides a major opportunity to provide a central hub for the scheme, attracting footfall and a flexible food offer for visitors, residents and workers alike. This would have wider benefit to the High Street, providing a destination that complements the existing offer.

The scheme also presents a major opportunity to provide the necessary space and conditions for curated events and activities, which will be important to reenergise the High Street as a vibrant and sustainable location, bringing new footfall to the vicinity.

Life Sciences

Over the past 18 months, the UK life sciences real estate market has been growing in stature. The fundamentals of the UK life science market are strong: the UK has a number of world class Universities, a strong research base, a deep talent pool and a growing ability to translate research into companies.

The leading London life science cluster is the "Knowledge Quarter" and Kings Cross, which centres around the Crick Institute and UCL; others include a growing cluster in East London, specifically around Whitechapel, and at White City. Away from the Knowledge Quarter, creating a 'campus-like' setup whereby researchers can easily move between teaching spaces, research spaces, and learning spaces is key, and so geographical relationships with a university can be very important to the success of a life sciences building.

In London, the amount of commercially-let lab space is relatively small for a city of its size and reputation, meaning it suffers from a lack of appropriate workspace – in particular labs – in what is a rapidly growing sector both in terms of employees and capital investment.

Whilst there is currently a limited amount of commercially available laboratory stock in London, there is an acute awareness of the under-supply in the market, and there is a significant amount of space in the pipeline reacting to this, meaning there will be more space for tenants to choose from as Murphy's Yard is brought to the market.

EXECUTIVE SUMMARY

A particular unique selling point for Murphy's Yard is its proximity and good transit into Kings Cross and the Crick Institute. As mentioned above, the Crick is the principal cluster in London and the place where most practitioners would prefer to be located. The requirements of the laboratory space, such as large goods lift, reinforced slabs, generous slab to slab heights are consistent with the stacked industry buildings, giving the opportunity for flexibility within the stacked industry to accommodate this use.

However, the Crick has a unique method of operation – researchers submit applications to work there and if successful are granted a maximum three-year stay at the Institute. Once this has ended – or once a commercially viable product is developed – the applicant must leave in order to pursue that product.

This means affordable follow on space at Murphy's Yard has the potential to be an appealing location to young, growing businesses that cannot afford to be in Kings Cross but still want to be located close by, some of whom may have left the Crick either due to their three years ending, or to develop their product commercially.

It should be recognised that inclusion of life sciences would be pioneering in this area, and further drive the sense of innovation and business success at the scheme. However, development of life sciences space – particularly at the scale proposed – carries a degree of risk. The presence of healthcare development on site will be mutually supportive enhancing the potential for life sciences and healthcare together.

Whilst office products have relatively standardised definitions, there are more specialised requirements for lab space.

The likelihood is that any space delivered at Murphy's Yard would be presented as 'lab-enabled', meaning the base build will allow labs to be installed.

It is important to note that conventional laboratory space will not entirely comprise dedicated R&D laboratory uses, and typically the proportion of laboratory space to office space is between 60-70% office to 40-30% laboratory.

Whilst it is relatively straightforward to retrofit conventional office space to be used for life sciences office space, retrofitting office space to R&D laboratory space can be significantly more challenging; therefore it is important to understand the likely requirements from occupiers from an early stage. The stacked industry buildings with high floor to floors, large goods lifts, reinforced slabs, are suitable for the use of lifesciences.

Healthcare

Murphy's Yard is uniquely positioned to appeal to a wide range of healthcare services and providers, in what is a deliverable development opportunity. Its location, in the midst of the London Borough of Camden and in close proximity to the Royal Free Foundation Trust Hospital, makes it well suited to the dispensing of future healthcare provisions; particularly in the case of lower acuity requirements.

Demand is difficult to ascertain in terms of NHS healthcare requirements at any time, but especially so during the sustained period of the Pandemic. Plans for delivery of healthcare have had to be radically adjusted to cope with the treatment of the pandemic and subsequent vaccinations programme. Additionally, NHS demands and requirements are frequently unknown to the general property market.

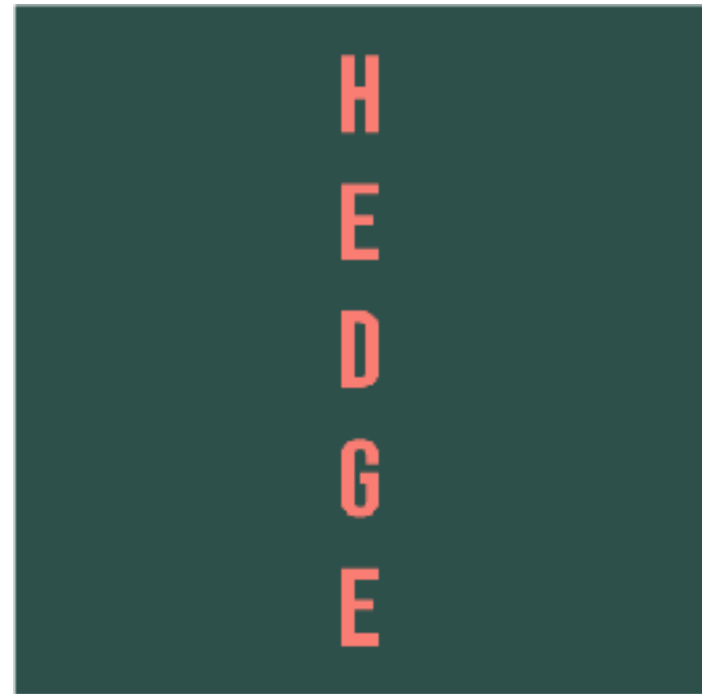
Nevertheless, we are aware of the following localised demand from medical charities:

- Geriatric rehabilitation, 60,000 to 80,000 sq ft for Central and North West London Foundation Trust,
- The Mary Wilson Dialysis and Renal unit, 20,000 to 30,000 sq ft for Royal Free FT,
- A community healthcare hub 20,000 sq ft Camden and Islington,
- A Fertility clinic 10,000 to 15,000 sq ft,
- A Diagnostics and imaging unit 15,000 to 20,000 sq ft for Central and North West London Foundation Trust.

This interest is shared by the global private healthcare sector, and we understand both Healthshare and HCA are currently seeking facilities in Camden.

By any criteria, be it current NHS requirements, locally recognised healthcare issues or wider demand and limited supply, there is a known and proven need for increased enhanced healthcare provision in LB Camden. In our opinion, the location of Murphy's Yard and its accessibility strongly indicates that the inclusion of Healthcare in the Master Plan will be addressing the needs of the Community and Healthcare providers, now and into the future.

2. ABOUT HEDGE RE, CUSHMAN & WAKEFIELD & AND LONDON



Hedge Real Estate was created to provide their customers with fit for purpose advice following the shift in the office market towards a more flexible approach. They provide advice that considers the whole spectrum of traditional and flexible space possibilities and provides solutions fit for modern Landlords and Tenants.

The company was formed by Andrew Gibson (previously Senior Director in the Central London development and leasing team at CBRE), Ben Orchard-Smith (previously in the Central London leasing team at BDG Sparkes Porter), Paul Gold, founding Partner at BDG Sparkes Porter.

Collectively, the team has over 50 years' experience in the London and UK market, with development and pre-letting pedigree, having advised Landlords such as Derwent London on 20 Farringdon Road, EC1 (7,450 sq m) which was a light touch, industrial style refurbishment and multi-let to a number of occupiers including advertising agency Karmarama, and The Buckley Building, EC1 (8,000 sq m) which was multi-let to a number of occupiers from 1,400 sq m to 3,000 sq m including Deloitte Digital; Columbia Threadneedle on 184-192 Drummond Street, NW1 which was a refurbished warehouse office building totalling 4,500 sq m and multi let to a number of occupiers including Wates Construction who occupy 2 floors totalling c.1,300 sq m

Cushman & Wakefield is a leading global Commercial Real Estate consultant with an unrivalled track record of advising on some of the country's and the world's largest city centre mixed-use schemes, delivering exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the world's largest real estate firms, with approximately 50,000 employees in over 400 offices and 60 countries, and 4.1 billion square feet of real estate under management.



Within London specifically Cushman & Wakefield's expertise covers a multitude of markets, from mixed-use development and strategic advisory through to office agency and life sciences. Our experience in these markets extends from direct contact with occupiers and investors, through to our market-leading in-house research production, all of which combine to provide us with an extensive understanding of the dynamics of each sector.

Working across these teams and workstreams, we have significant depth and breadth of knowledge of UK property sectors from which we can draw to provide market-leading insight and advice to our clients.



AND work with an array of major developers on mixed-use regeneration schemes across London and the UK, in particular helping to form economic and industry clusters, along with business districts and meanwhile opportunities.

AND has now grown to seven people from a variety of key sectors. The team were selected to cover a wide range of skills and expertise including regeneration, commercial leasing, planning policy and strategy, insight and research, branding and marketing.

AND provides a bespoke commercial real estate agent service working with start-ups and SME businesses particularly within the tech, food and leisure, creative, cultural and maker and light industrial sectors. AND also provides tenants and landowners with advice and guidance around lettings and place shaping.

3. THE BRIEF

THE BRIEF

- To work with Folgate, the professional team and the key stakeholders of the project to advise on the commercial components of potential development; helping to build the scheme from the ground floor upwards with a dynamic offer that creates a real destination for Kentish Town.
- To examine what type of commercial workspace offer will work alongside the cultural offer and examine the potential for creating a creative and cultural commercial workspace offer.
- To examine the full suite of commercial use classes and sub sectors including maker space/industrial/hybrid maker/B2/B8 and office space to assess what is viable for the location.
- To work with Folgate, the scheme architects and the professional team to help develop fit for purpose commercial space that meets market demands and requirements, such as key design and fit out specifications needed by the types of businesses that will locate to Gospel Oak and Kentish Town.
- To examine what type of retail, leisure and food & beverage will be feasible, viable and sustainable in the long term at Murphy's Yard and develop a lifestyle narrative for the scheme that fits with the commercial and residential vision and creates a thriving destination.
- To support the development of an environmentally sustainable development from a commercial perspective.
- To research the consumer habits of residents and workers in the area and the sub-region to ensure the commercial approach is sustainable in the long term.
- To provide Folgate with a full leasing strategy for the project.

4. EXISTING SITE AND USES

EXISTING SITE AND USES

Murphy's Yard is a 15.5 acre site that is bounded by Highgate Road to the North and two railway lines to the South. The site stretches from the edge of Kentish Town High Street to the East and Hampstead Heath to the West.

The site is home to the J Murphy and Sons Group, a leading global infrastructure company. The company has been based in Kentish Town for 57 years. The site is currently the headquarters for the Group, and currently provides circa 400 full time roles on site that will be retained post development as part of the new scheme.

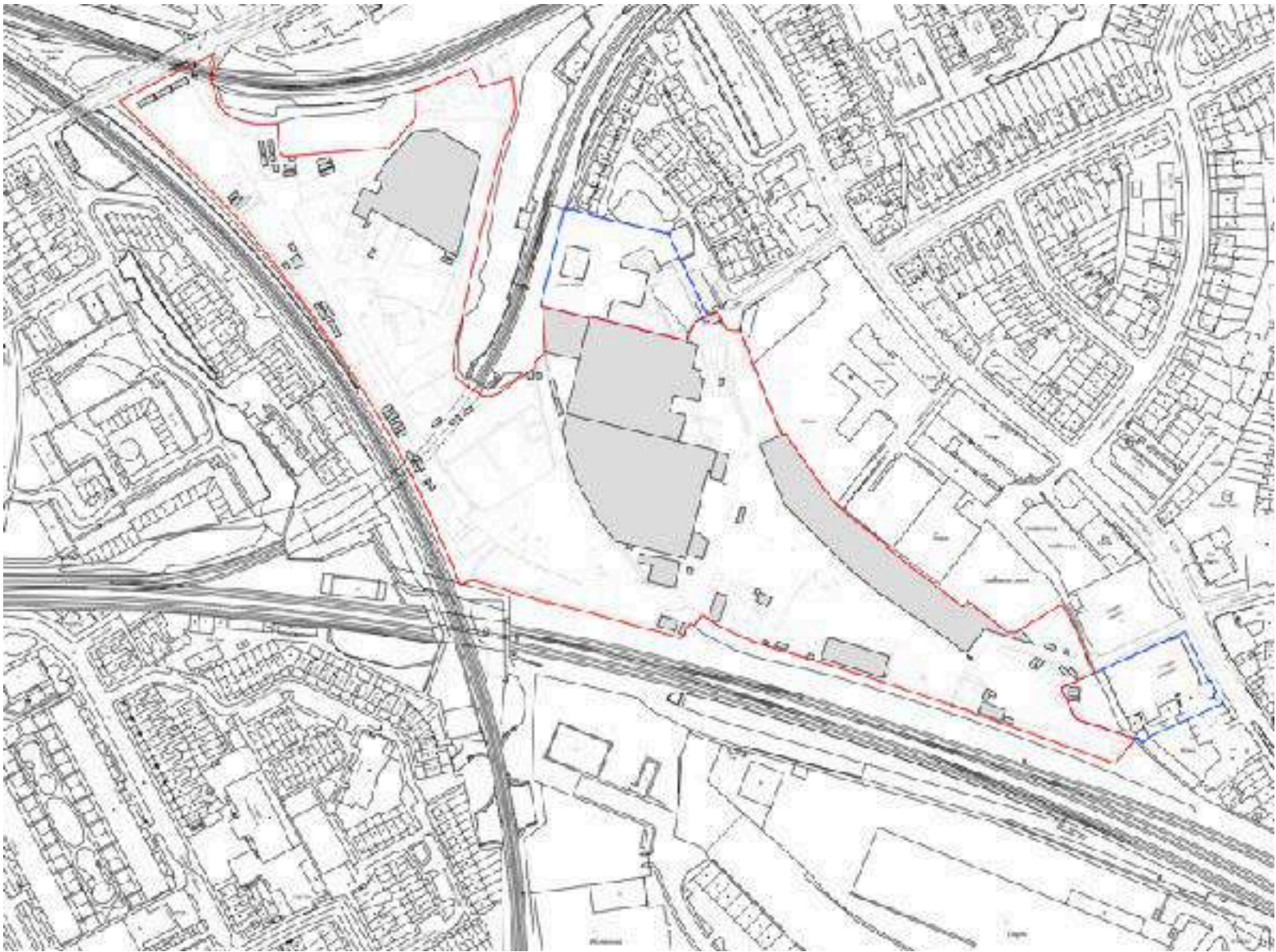
The site in its existing use is viable for the Murphy Group and is considered to be value accretive. However, the site is currently under utilised and offers a once in a generation opportunity to deliver major regeneration for the area; creating thousands of new jobs and homes for Londoners.

Many of the current operational areas are underused and offer only surface-level yard space which is used for car parking, materials and plant storage along with temporary office space. The site also contains a series of warehouses which have reached the end of their economic lifespan for their current uses and are no longer fit for purpose for modern business practices. One of the warehouses will be retained and repurposed as a centrepiece of the leisure offer for the development.

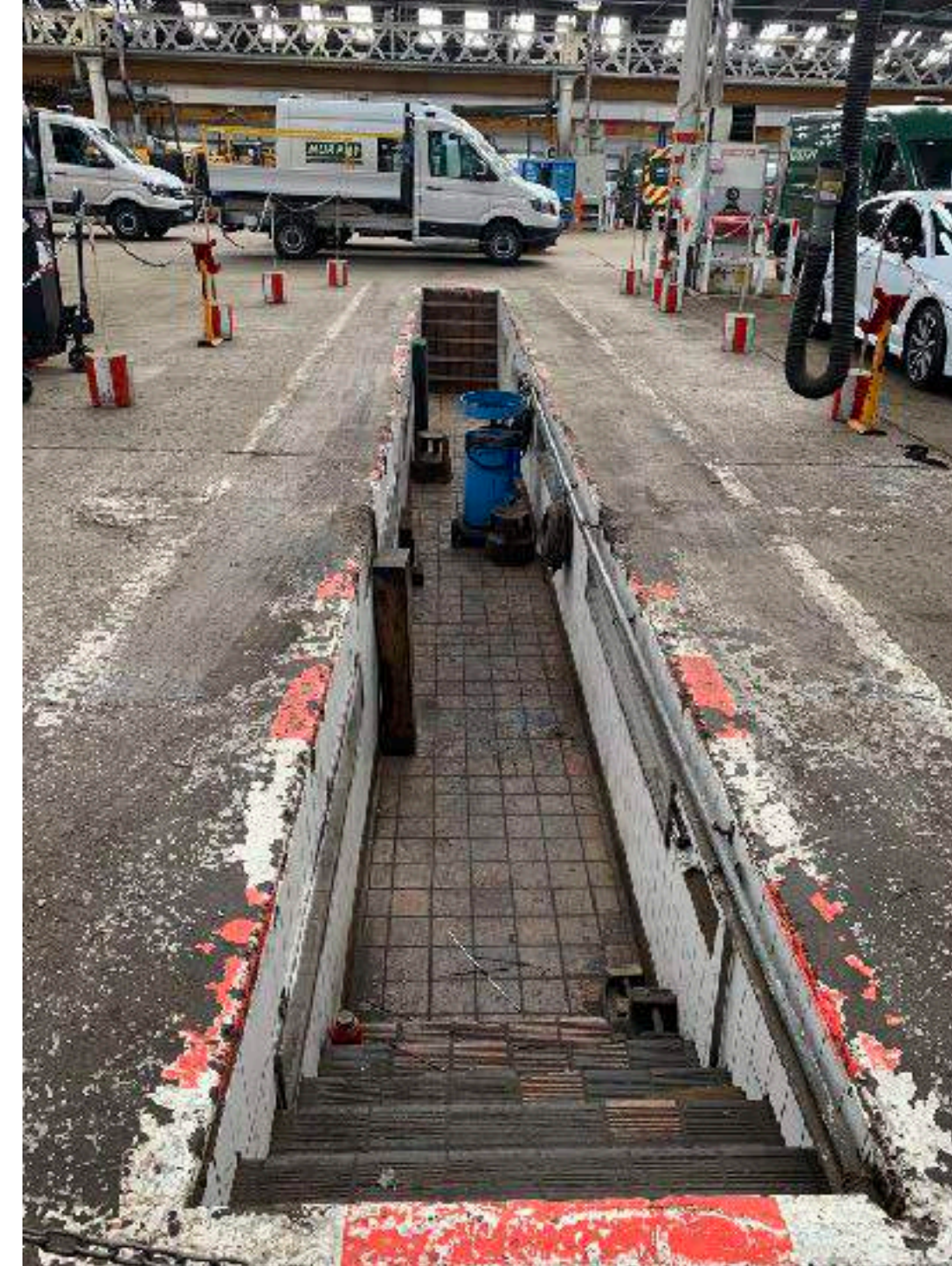
A further significant concern, and key reason for the removal of certain operational uses from the site, is around certain transport factors such as weight constraints for heavy goods vehicles on key operational routes that the business relies on. Other locations in the South of England will now better serve the group and their operational requirements.

The site is very low density and presents a major opportunity to deliver innovation, particularly within the industrial sector where the site will deliver central London's first major stacked industrial building alongside significant ground floor maker and light industrial space.

Detailed below is a map of the site and a series of images that demonstrate how underused the site clearly is, and how much potential the area offers for major intensification of commercial uses particularly for fit for purpose industrial uses.







5. PLANNING POLICY FRAMEWORK

PLANNING POLICY FRAMEWORK

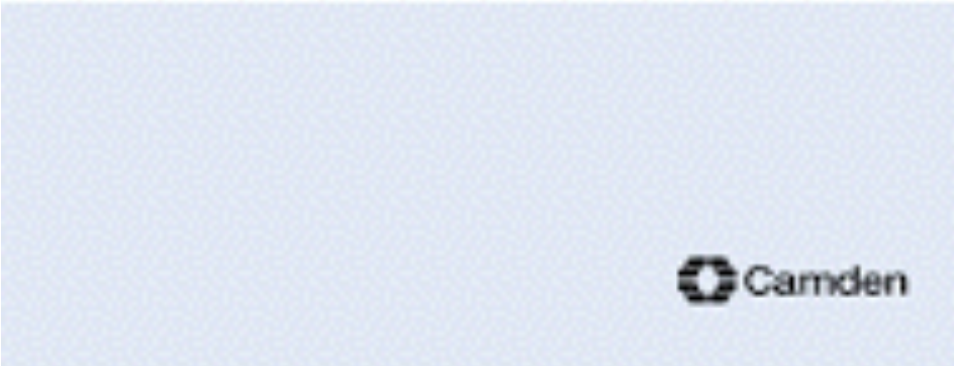
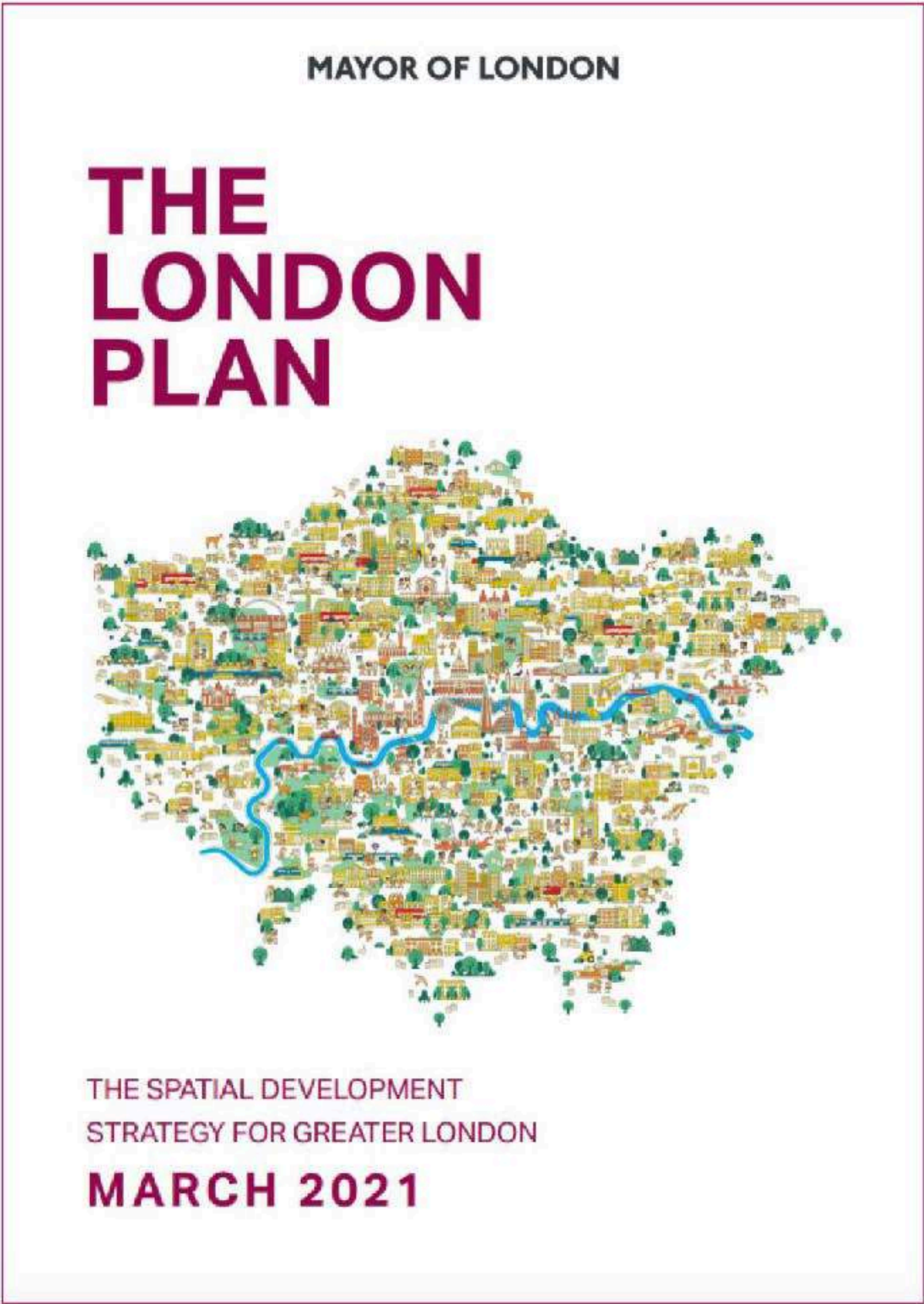
This chapter details the relevant planning policy both locally and regionally that are relevant to the site in terms of the employment proposals and the commercial strategy.

The following local, regional and sub regional planning policies were considered in the development of this strategy:

- The London Plan
- The Camden Local Plan
- The Industrial Land Demand 2017

Local Planning Policy

The Camden Local Plan was adopted by the Council in July 2017 and sets out the Council’s planning policy framework across the Borough. The policies for the commercial strategy focus on two specific policies E1 Economic Development and E2 Employment premises and sites. These policies provide strategic direction on the Boroughs employment requirements.



London Industrial Land Demand
Final Report



PLANNING POLICY FRAMEWORK

Camden Local Plan, Policy E1: Economic development

The Council will secure a successful and inclusive economy in Camden by creating the conditions for economic growth, harnessing the benefits for local residents and businesses. We will:

1. Support businesses of all sizes, in particular start-ups, small and medium-sized enterprises;
2. Maintain a stock of premises that are suitable for a variety of business activities, for firms of differing sizes, and available on a range of terms and conditions for firms with differing resources;
3. Support local enterprise development, employment and training schemes for Camden residents;
4. Encourage the concentrations of professional and technical services, creative and cultural businesses and science growth sectors in the Borough;
5. Support the development of Camden's health and education sectors and promote the development of the Knowledge Quarter around Euston and King's Cross while ensuring that any new facilities meet the other strategic objectives of this Local Plan;
6. Direct new office development to the growth areas, Central London, and the town centres in order to meet the forecast demand of 695,000 sqm (7,480,917 sq ft) of office floorspace between 2014 and 2031;
7. Support Camden's industries by:
 - i. Safeguarding existing employment sites and premises in the Borough that meet the needs of industry and other employers;
 - ii. Supporting proposals for the intensification of employment sites and premises where these provide additional employment and other benefits in line with Policy E2 Employment premises and sites;
 - iii. Safeguarding the Kentish Town Industry Area;
 - iv. Promoting and protecting the jewellery industry in Hatton Garden;
8. Expect the provision of high-speed digital infrastructure in all employment developments; and
9. Recognise the importance of other employment generating uses, including retail, education, health, markets, leisure and tourism.

Camden Local Plan, Policy E2: Employment premises and sites

The Council will encourage the provision of employment premises and sites in the Borough. We will protect premises or sites that are suitable for continued business use, in particular premises for small businesses, businesses and services that provide employment for Camden residents and those that support the functioning of the Central Activities Zone (CAZ) or the local economy. We will resist development of business premises and sites for non-business use unless it is demonstrated to the Council's satisfaction:

- A. The site or building is no longer suitable for its existing business use; and
- B. That the possibility of retaining, reusing or redeveloping the site or building for similar or alternative type and size of business use has been fully explored over an appropriate period of time.

We will consider higher intensity redevelopment of premises or sites that are suitable for continued business provided that:

- C. The level of employment floorspace is increased or at least maintained;
- D. The redevelopment retains existing businesses on the site as far as possible, and in particular industry, light industry, and warehouse/logistic uses that support the functioning of the CAZ or the local economy;
- E. It is demonstrated to the Council's satisfaction that any relocation of businesses supporting the CAZ, or the local economy will not cause harm to CAZ functions or Camden's local economy and will be to a sustainable location;
- F. The proposed premises include floor space suitable for start-ups, small and medium-sized enterprises, such as managed affordable workspace where viable;
- G. The scheme would increase employment opportunities for local residents, including training and apprenticeships;
- H. The scheme includes other priority uses, such as housing, affordable housing and open space, where relevant, and where this would not prejudice the continued operation of businesses on the site; and
- I. For larger employment sites, any redevelopment is part of a comprehensive scheme.

5.44. Where provision of SME workspace has been agreed as part of a development, the Council will seek to secure this via the use of planning obligations. We will also seek to secure through a planning obligation an element of affordable SME workspace from large scale employment developments with a floorspace of 1,000 sqm (10,753 sqft) or more. The cost per square foot or per workstation that would be considered affordable will vary according to a range of factors such as location, type, quality etc. Where workspace has been specified as affordable, the Council's Economic Development Team will work with developers to agree appropriate terms of affordability on a case by case basis. The following are examples of ways in which affordability could be considered:

- an element of the space could be provided at less than 80% of comparable market values (however, for many sectors and locations in Camden rents will need to be lower than this to make them affordable to target occupiers);
- a sponsorship programme through which a number of local businesses are able to access space at reduced rents for an agreed period; and
- an average of market rents paid by tenants in the area occupying an equivalent type and quality of space.

5.45 The Council will also consider alternative suggestions made by developers.

Paragraph 8.43 of the Draft Site Allocations Document outlines that the provision of a significant element of affordable workspace will be expected from the allocated Murphy Site (KT3).

The Kentish Town Planning Framework (KTPF) (July 2020) support the success of small, medium and start-up businesses and light industrial, workshop/studio and maker-type spaces that support creative businesses. The Council will secure the delivery of affordable workspace through Section 106 agreements to ensure that any workspace delivered meets the needs of local areas and specific occupiers.

PLANNING POLICY FRAMEWORK

London Plan

The new London Plan was published in March 2021 which extensively updated the Mayor of London’s economic policies particularly in relation to employment floorspace and affordable workspace.

One of the key areas that was redrafted was London’s industrial floorspace strategy and how Boroughs should adopt a new approach to retaining industrial floorspace in key strategic locations particularly in relation to SIL and LSIL land which should be intensified if the demand and viability in locations allowed such activity.

The main change from the previous iteration of the London Plan was the removal of 65% plot ratio on industrial floor space re-provision which was directed by the Secretary of State.

The other key changes related to promoting industrial innovation particularly in new formats of industrial product such as stacked industrial buildings and co-location of industrial space.

The plan spoke around the better use of industrial land in the future through design and how Boroughs could rationalise land in a number of different ways. The plan provided details for how London could release a further 233 hectares of industrial land between 2016 and 2041.

Policy E1: Offices

A. Improvements to the quality, flexibility and adaptability of office space of different sizes (for micro, small, medium-sized and larger enterprises) should be supported by new office provision, refurbishment and mixed-use development.

B, Increases in the current stock of offices should be supported in the locations in Parts C and D below.

D. The diverse office markets in outer and inner London (outside the areas identified in Part C) should be consolidated and where viable extended.

G. Development proposals related to new or existing offices should take into account the need for a range of suitable workspace including lower cost and affordable workspace.

Policy E2: Providing Suitable Business Space

A. Boroughs should include policies in local Development Plan Documents that support the provision, and where appropriate, protection of a range of B Use Class business space, in terms of type, use and size, at an appropriate range of rents, to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand.

B. Development of B Use Class business uses should ensure that the space is fit for purpose having regard to the type and use of the space.

C. Ensure that an equivalent amount of B Use Class business space is re- provided in the proposal which is appropriate in terms of type, use and size, incorporating existing businesses where possible, and include affordable workspace where appropriate (see Policy E3 Affordable workspace).

D. Development proposals for new B Use Class business floorspace greater than 2,500 sq.m. (gross external area), or a locally determined lower threshold in a local Development Plan Document, should consider the scope to provide a proportion of flexible workspace or smaller units suitable for micro, small and medium-sized enterprises.

Policy E3: Affordable workspace

In defined circumstances set out in Parts B and C below, planning obligations may be used to secure affordable workspace (in the B Use Class) at rents maintained below the market rate for that space for a specific social, cultural or economic development purpose such as:
A.(5) Supporting start-up and early stage businesses or regeneration.

B. Consideration should be given to the need for affordable workspace for the purposes in Part A above:
(B)(3) In locations identified in a local Development Plan Document where the provision of affordable workspace would be necessary or desirable to sustain a mix of business or cultural uses which contribute to the character of an area.

C. Boroughs, in their Development Plans, should consider detailed affordable workspace policies in light of local evidence of need and viability. These may include policies on site-specific locations or defining areas of need for certain kinds of affordable workspace.

D. Affordable workspace policies defined in Development Plans and the terms set out in Section 106 agreements should ensure that the objectives in Part A above are monitored and achieved, including evidence that the space will be managed by a workspace provider with a long-term commitment to maintaining the agreed or intended social, cultural or economic impact. Applicants are encouraged to engage with workspace providers at an early stage in the planning process to ensure that the space is configured and managed efficiently.

PLANNING POLICY FRAMEWORK

E. Leases or transfers of space to workspace providers should be at rates that allow providers to manage effective workspace with sub-market rents, meeting the objectives in Part A, over the long-term.

Policy E4: Land for industry, logistics and services to support London’s economic function

A 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, industrial land audits and the potential for intensification, co- location and substitution (see Policy E7 Industrial intensification, co-location and substitution). This should make provision for the varied operational requirements of:

- 1) light and general industry (Use Classes B1c and B2)
- 2) storage and logistics/distribution (Use Class B8) including ‘last mile’ distribution close to central London and the Northern Isle of Dogs, consolidation centres and collection points
- 3) secondary materials, waste management and aggregates
- 4) utilities infrastructure (such as energy and water)
- 5) land for sustainable transport functions including intermodal freight interchanges, rail and bus infrastructure
- 6) wholesale markets
- 7) emerging industrial-related sectors
- 8) flexible (B1c/B2/B8) hybrid space to accommodate services that support the wider London economy and population
- 9) low-cost industrial and related space for micro, small and medium-sized enterprises (see also Policy E2 Providing suitable business space)
- 10) research and development of industrial and related products or processes (falling within Use Class Egii).

B. London’s land and premises for industry, logistics and services falls into three categories:

- 1) Strategic Industrial Locations (SIL) – see Policy E5 Strategic Industrial Locations (SIL)
- 2) Locally Significant Industrial Sites (LSIS) - see Policy E6 Locally Significant Industrial Sites
- 3) Non-Designated Industrial Sites - see Part C of Policy E7 Industrial intensification, co-location and substitution.

C. The retention, enhancement and provision of additional industrial capacity across the three categories of industrial land set out in Part B should be planned, monitored and managed. Any release of industrial land in order to manage issues of long-term vacancy and to achieve wider planning objectives, including the delivery of strategic infrastructure, should be facilitated through the processes of industrial intensification, co-location and substitution set out in Policy E7 Industrial intensification, co-location and substitution and supported by Policy E5 Strategic Industrial Locations (SIL).

D. The retention, enhancement and provision of additional industrial capacity should be prioritised in locations that:

- 1) are accessible to the strategic road network and/or have potential for the transport of goods by rail and/or water transport
- 2) provide capacity for logistics, waste management, emerging industrial sectors or essential industrial-related services that support London’s economy and population
- 3) provide capacity for micro, small and medium-sized enterprises
- 4) are suitable for ‘last mile’ distribution services to support large-scale residential or mixed-use developments subject to existing provision
- 5) support access to supply chains and local employment in industrial and related activities.

E. Any release of industrial capacity in line with Part C should be focused in locations that are (or are planned to be) well-connected by public transport, walking and cycling and contribute to other planning priorities including housing (and particularly affordable housing), schools and other infrastructure.

F. Efficient wholesale market functions should be retained to meet London’s requirements whilst enabling opportunities to consolidate composite wholesale markets to meet long-term wholesaling needs.

G. Boroughs should ensure that the need to retain sufficient industrial and logistics capacity is not undermined by permitted development rights by introducing Article 4 Directions where appropriate.

Policy E5 Strategic Industrial Locations (SIL)

A. Strategic Industrial Locations (identified in Figure 6.1 and Table 6.2) should be managed proactively through a plan-led process to sustain them as London’s largest concentrations of industrial, logistics and related capacity for uses that support the functioning of London’s economy.

B. Boroughs, in their Development Plans, should:

- 1) define the detailed boundary of SILs in policies maps having regard to the scope for intensification, co-location and substitution (set out in Policy E7 Industrial intensification, co-location and substitution)
- 2) develop local policies to protect and intensify the function of SILs and enhance their attractiveness and competitiveness (including improvements to access, public transport, digital connectivity and other related infrastructure) for the functions set out in Part A of Policy E4 Land for industry, logistics and services to support London’s economic function

PLANNING POLICY FRAMEWORK

3) explore opportunities to intensify and make more efficient use of land in SILs in Development Plan reviews and through Opportunity Area Planning Frameworks in collaboration with the GLA and other planning authorities within and outside London (Policy E7 Industrial intensification, co-location and substitution).

4) strategically coordinate Development Plans to identify opportunities to substitute industrial capacity and function of Strategic Industrial Locations where evidence that alternative, more suitable, locations exist. This release must be carried out through a planning framework or Development Plan Document review process and adopted as policy in a Development Plan. All Boroughs are encouraged to evaluate viable opportunities to provide additional industrial land in new locations to support this process. This policy should be applied in the context of Policy E7 Industrial intensification, co-location and substitution.

C. Development proposals in SILs should be supported where the uses proposed fall within the industrial-type activities set out in Part A of Policy E4 Land for industry, logistics and services to support London's economic function.

D. Development proposals within or adjacent to SILs should not compromise the integrity or effectiveness of these locations in accommodating industrial-type activities and their ability to operate on a 24-hour basis. Residential development adjacent to SILs should be designed to ensure that existing or potential industrial activities in SIL are not compromised or curtailed. Particular attention should be given to layouts, access, orientation, servicing, public realm, air quality, soundproofing and other design mitigation in the residential development.

Policy E8 Sector growth opportunities and clusters

A. Employment opportunities for Londoners across a diverse range of sectors should be promoted and supported along with support for the development of business growth and sector-specific opportunities.

C The evolution of London's diverse sectors should be supported, ensuring the availability of suitable workspaces including:

- 1) start-up, incubation and accelerator space for micro, small and medium-sized enterprises
- 2) flexible workspace such as co-working space and serviced offices
- 3) conventional space for expanding businesses to grow or move on
- 4) laboratory space and theatre, television and film studio capacity
- 5) affordable workspace in defined circumstances (see Policy E3 Affordable workspace).

Industrial Land Demand (2017)

In 2017 the GLA commissioned CAG consultants to undertake an Industrial Land Review the report was produced as evidenced based documentation to inform the draft London Plan policies on industrial land and its use going forward.

The GLA commissioned the London Industrial Land Demand Study to:

- Analyse the short, medium and long-term demand and supply dynamics for industrial land and related uses in different parts of London and explore relationships with the Wider South East (WSE).
- Review the existing London Plan and Supplementary Planning Guidance benchmarks of industrial land retention/release to other uses and roll these forwards to 2016-2041 on a consistent, pan London demand/supply basis.

- Undertake a series of scenarios relative to the baseline benchmarks to explore the potential for further release of industrial land in London and associated impacts.

The report advised that London currently has 7,000 hectares of SIL and there is a marked trend of this continuing to decrease and is currently falling at a rate of 106 hectares per annum. In terms of actual floor space this has decreased from 25.8 million square foot to just under 20.8M square foot between 2010 and 2017. Industrial land accounts for less than 5% of London's total land area.

The report suggested that the amount of industrial land that is freed up from alternative uses is reduced to 9 hectares per annum from the current rate of 37 hectares per annum.

The report also recommended intensification of current industrial land stock to mitigate losses in land through alternative approaches to delivering industrial led schemes such as high-density schemes and reconfiguration of existing industrial estates and land.

In addition, the report suggested that alternative approaches should be adopted such as a co-location of industrial space that is not located on current industrial land uses within Town Centre and residential development. The report advised that 'Mixed-use residential development proposals that incorporate employment space should be strictly controlled to ensure that the workspace provided is both appropriate to occupier demand and maintained for employment use'.

6. LOCAL ECONOMIC DATA ANALYSIS

LOCAL ECONOMIC DATA ANALYSIS

The Office for National Statistics estimated that Camden contributed £32.3 billion to the national economy in 2016, an increase of 59% on the figures from 2008. The Camden economy is growing faster than the Central London economy (39%), the Greater London economy (34%) and the UK economy (23%). Camden is the third highest contributor to GVA in London after Westminster (£59.1 billion) and the City (£49.2 billion). Camden contributes 7.9% of all of London’s total GVA.

The Borough has a good spread of businesses across all enterprise types, ranging from large employers to micro enterprises and small to medium sized enterprises (SMEs). Many of these businesses specialise in highly skilled, high value employment such as those in professional, scientific & technical and information & communication sectors.

Camden is home to the second highest number of businesses in London after Westminster and is third highest in the UK. There were 34,745 enterprises registered in total in Camden in 2018. This is a 5% increase on 2017 and the Borough has grown 44% since 2008. Camden accounts for 6.1% of all London local business units. Camden has the third highest number of businesses in the UK after Westminster and Birmingham.

There were 5,765 business ‘births’ (new enterprise start-ups) in Camden in 2017 (the latest available records), a 5% decrease on 2016. This is the third highest business births figure in London after Westminster (8,260) and the City (5,905). Camden also outperforms key economic and start-up clusters such as Hackney on annual business births.

	Camden (Numbers)	Camden (%)	London (Numbers)	London (%)
Micro (0 To 9)	29,315	88.8	482,265	90.8
Small (10 To 49)	2,815	8.5	38,900	7.3
Medium (50 To 249)	675	2.0	7,940	1.5
Large (250+)	205	0.6	2,200	0.4
Total	33,005	-	531,300	-

Year	Camden (enterprises)	London (enterprises)	Great Britain (enterprises)
2010	20,755	331,540	2,031,845
2011	20,785	334,395	2,012,900
2012	21,985	359,880	2,081,700
2013	22,165	372,375	2,100,890
2014	23,535	400,930	2,197,000
2015	25,625	444,880	2,382,370
2016	27,370	476,890	2,485,410
2017	29,440	505,655	2,598,095
2018	30,960	506,180	2,596,320
2019	32,255	522,240	2,643,875
2020	33,005	531,300	2,674,520

LOCAL ECONOMIC DATA ANALYSIS

Micro Businesses				
Date	Camden	Camden (%)	London (%)	Great Britain (%)
2010	18,170	87.5	89.5	88.7
2011	18,095	87.1	89.5	88.8
2012	19,045	86.6	89.4	88.6
2013	19,130	86.3	89.1	88.2
2014	20,400	86.7	89.6	88.3
2015	22,340	87.2	90.1	88.7
2016	24,035	87.8	90.6	89.2
2017	25,945	88.1	90.9	89.5
2018	27,330	88.3	90.6	89.3
2019	28,535	88.5	90.7	89.5
2020	29,315	88.8	90.8	89.6

Small Businesses				
Date	Camden	Camden (%)	London (%)	Great Britain (%)
2010	2,005	9.7	8.3	9.3
2011	2,095	10.1	8.3	9.2
2012	2,275	10.3	8.4	9.3
2013	2,360	10.7	8.7	9.7
2014	2,425	10.3	8.3	9.6
2015	2,520	9.8	8.0	9.3
2016	2,545	9.3	7.5	8.9
2017	2,675	9.1	7.3	8.7
2018	2,800	9.0	7.5	8.7
2019	2,870	8.9	7.4	8.6
2020	2,815	8.5	7.3	8.5

Medium Businesses				
Date	Camden	Camden (%)	London (%)	Great Britain (%)
2010	435	2.1	1.7	1.6
2011	450	2.2	1.7	1.6
2012	505	2.3	1.7	1.6
2013	510	2.3	1.7	1.7
2014	540	2.3	1.6	1.7
2015	585	2.3	1.5	1.6
2016	595	2.2	1.5	1.6
2017	630	2.1	1.4	1.5
2018	635	2.1	1.5	1.6
2019	640	2.0	1.5	1.5
2020	675	2.0	1.5	1.5

Large Businesses				
Date	Camden	Camden (%)	London (%)	Great Britain (%)
2010	145	0.7	0.5	0.4
2011	140	0.7	0.5	0.4
2012	160	0.7	0.5	0.4
2013	160	0.7	0.5	0.4
2014	170	0.7	0.5	0.4
2015	180	0.7	0.4	0.4
2016	190	0.7	0.4	0.4
2017	195	0.7	0.4	0.4
2018	195	0.6	0.4	0.4
2019	210	0.7	0.4	0.4
2020	205	0.6	0.4	0.4

Business Growth Across all Enterprise Types

Detailed here is the business growth across all enterprise types over the last 8 years ranging from micro business of 1 to 9 employees through to large companies of 250+ employees. In each enterprise type the number of businesses registered has nearly doubled in size over the 10-year period of currently available records.

Over 13% of all Camden based enterprises had a minimum turnover of £1 million or more in 2018. This is lower than the Central London figure of 15% and well above the London and UK averages which are 10% and 9% respectively. In London, only the Boroughs of Westminster and the City of London have a higher proportion of businesses turning over a minimum of £1 million per annum.

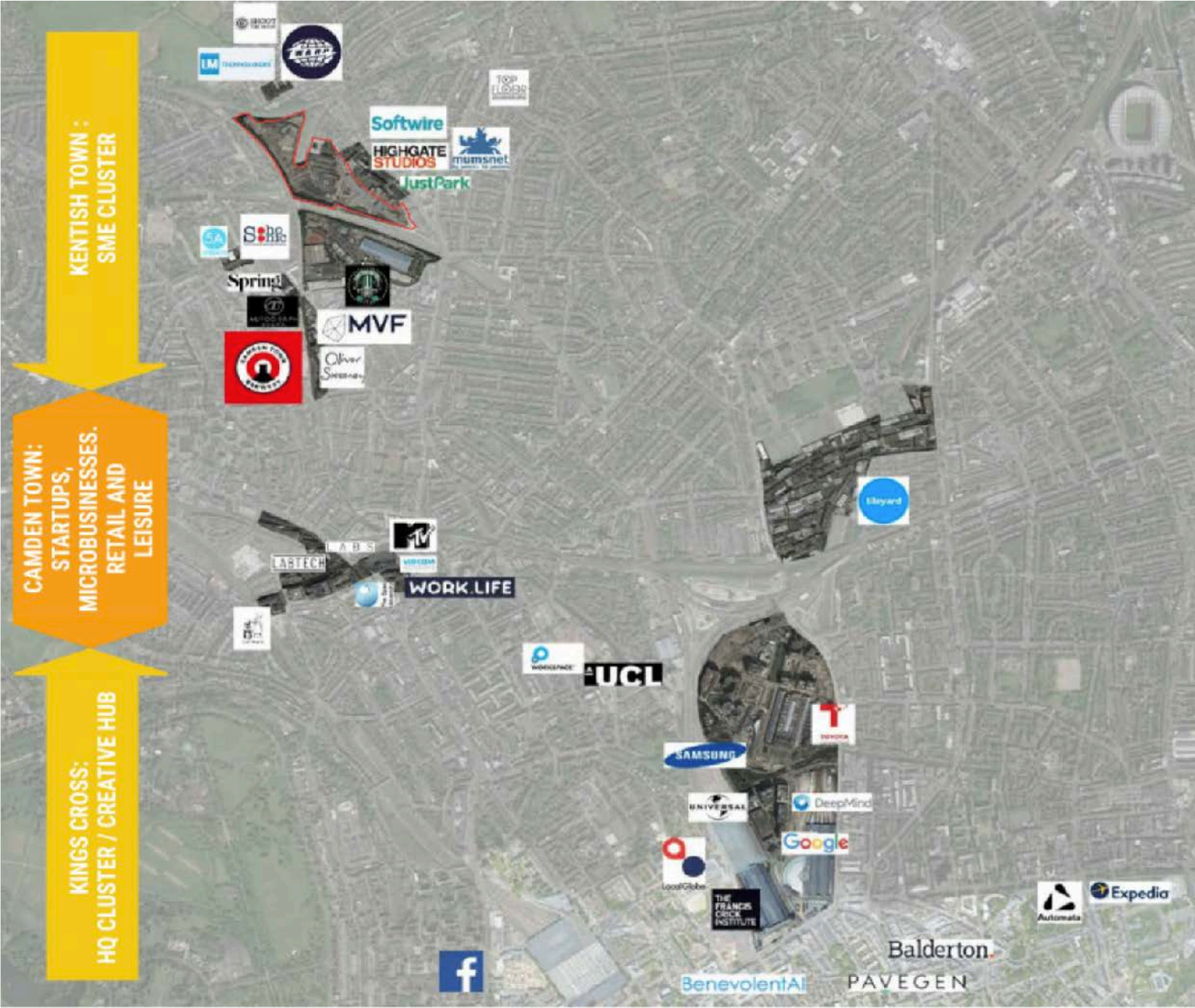
Camden specialises in highly skilled, high value parts of the economy such as law, management consultancy and advertising. The largest industry sector in Camden is professional, scientific & technical enterprises which make up 30% of enterprises, compared with 22% in London in general. Camden in 2018 provided 373,000 jobs, which is just over 7% of all employment in London. This is the third highest in London after Westminster and the City of London.

Only 17% of jobs are located in town centres and employment sites in North and West of the Borough, which includes Kentish Town and other outlying employment centres such as Hampstead and Swiss Cottage. The vast majority of all employment in the Borough is located in Kings Cross, Euston and Holborn.

LOCAL ECONOMIC DATA ANALYSIS

Camden Business Community Overview

Camden is rapidly becoming the engine room for the UK economy and is the third biggest financial contributor to the London economy after the City of Westminster and the City of London. The Borough is a major international business hub with key strategic clusters of both national and international importance such as Kings Cross, the MedTech and life sciences sector focused around UCL, British Library in Euston and leisure and tourism sector in Camden Town.



LOCAL ECONOMIC DATA ANALYSIS

Camden Borough Business Community

In recent years Kings Cross has become a major international hub of strategic importance for London's tech and creative industries, and a major HQ cluster for some of the most important businesses in this sector such as Google, Havas, Universal, YouTube and Facebook. As the area has matured as a commercial location, global businesses such as Samsung and Toyota have opened their European innovation centres in Kings Cross.

This activity has led to a significant migration shift northward from London's established tech and creative clusters in Shoreditch and the West End. This has seen businesses such as influential tech investors Balderton Capital move to the area and the emergence of a small cluster of FinTech businesses such as Tandem and State Zero Labs. In addition to this, influential tech icons such as Deepmind and Benevolent AI have located to the area in major leasing deals and created employment growth for the Borough.

A key impact of this leasing activity and business growth is that the business supply chains that feed and thrive off of these major businesses have also relocated to the Borough, and the leisure and retail demands of these occupiers and their employees has led to major new leisure facilities such as Coal Drops Yard opening to service the workers and businesses of the area.

Camden is renowned for having London's best business infrastructure and one of the most important leisure offers, which is critical to sustaining and developing a major business community. A further key reason is the excellent transport infrastructure and connectivity to the train network both in the UK and the international network with Eurostar, HS1, Euston, St Pancras and Kings Cross all located within the Borough.

A further reason for business growth is the fact that the Borough is an important location for higher education and research with institutions such as The Francis Crick Institute, The Alan Turing Institute, The Wellcome Trust, UCL, Central St Martins and the British Library all clustered in and around Kings Cross and Euston. In total 35 organisations ranging from universities, research, cultural and scientific organisations form the emerging knowledge quarter which is raising awareness and leveraging support for innovation, collaboration and knowledge exchange that is critical to the growth of the UK economy.

Moving towards Camden Town the Ted Baker Building and surrounding land is being redeveloped by Reef Developments, which will extend the Kings Cross regeneration towards the fringes of Camden Town. This will deliver a major scheme in partnership with Ted Baker that will create their new HQ, a hotel and further workspace that will also reopen the tow paths of the Regents Canal to the community.

Whilst not actually located in Camden, Tileyard Studios is on the border of the Borough in Islington and is renowned around the world as the UK's foremost music industry hub with a roster of the UK's most important artists, labels and recording studios based in the campus. Tileyard Studios is also diversifying into an important location for London's wider creative and start-up community, with a particular focus on technology with influential venture capitalists LocalGlobe and e-sports businesses such as Ginx located amongst the 130 businesses based across the campus.

Camley Street, located close to Kings Cross, remains an important location for industrial occupiers in the Borough. Whilst this will be redeveloped eventually, a number of industrial and distribution businesses that need inner London locations are based here with a particular focus on food production, storage and distribution.

Regis Road is another important location for large scale industrial and distribution businesses and recently UPS purchased a large site to build a major distribution centre to service London.

Camden Market and Camden Town is one of the UK's most important leisure and tourism locations, with Camden Market being the fourth most visited UK tourist attraction with over 27 million visitors per annum. The area is an important location for live music and club culture with leading venues such as the Forum, Koko, the Roundhouse and the Hawley Arms.

Camden Town is also becoming an important location in the London start-up scene with an array of businesses locating in the cluster of shared workspaces and co-working operations that include WorkLife, Lab Tech, Labs and Proud Galleries offering managed workspace all in the centre of Camden Town. In addition to this, culturally important influencer businesses such as MTV's UK operation are located in Hawley Crescent.

The Kentish Town area, particularly in and around Highgate Road, has seen the development of a significant cluster of high profile and high growth businesses predominantly located in Highgate Studios with companies such as Mumsnet and Softwire, and mid-sized businesses ranging from 75 to 150 people as well as an emerging cluster of small start-ups and SMEs.

7. COMMERCIAL STRATEGY FOR MURPHY'S YARD

COMMERCIAL STRATEGY FOR MURPHY'S YARD

Murphy's Yard creates a once in a generation opportunity to develop one of London's most interesting brownfield sites into an exciting and innovative new employment-led mixed-use commercial destination that is home to a variety of different types of commercial uses, business sectors and all sizes of business whether start-up or established.

Murphy's Yard is a location that can play a defining role in bringing together all of the Borough's key business sectors to create a place where knowledge, design and creativity, office requirements, making and production all come together in one co-located dynamic business cluster.

Camden is London's most dynamic business location and is internationally recognised as being at the cutting edge of science, culture, creativity and tech, but also has a strong tradition of making, manufacturing and industry. The diverse sectors we have described are currently located in distinct silos and separated by location and sector around the Borough. The scheme provides a unique opportunity to create a new connectivity between different business sectors all in one dynamic, innovative, interconnected location.

The USP for Murphy's Yard is the mix of industrial, maker and office in one location. This offers a new way of working that encourages interdisciplinary collaboration, new thinking, shared ideas and research; a place where industries, people and ideas all collide and create.

It is difficult to offer a similar precedent of what Murphy's Yard could become as a business location as it just does not currently exist in London.

The closest precedent is to describe it as a Here East for North London, but with a much stronger focus on an industrial and maker component allied with the office, studios and affordable workspace.

The industrial sector is demanding real innovation in the design of new industrial space, with a desire to move away from single tenure industrial sheds and estates towards highly connected and dynamic mixed-use business districts. Innovation in design will include a diverse range of industrial spaces that incorporate a mix of ground floor industrial and maker space, hybrid industrial with office and production, flexible maker space and high quality studio space.

The scheme will deliver new thinking in industrial products, particularly the inclusion of highly considered stacked industrial buildings, designed thoughtfully with the end occupiers in mind. This approach will deliver formats of industrial space that are at the cutting edge between use classes and building typology, which are not currently available in London.

Stacked industrial has increasingly become a design solution in mainland Europe, particularly in countries such as France and Switzerland, creating industrial space that is successfully providing major quantum's in cities that do not have the space for sprawling lateral industrial estates and need to deliver high density schemes.

The inclusion of industrial yard space is critical and will enable London's new industrial businesses to operate in high-quality fit for purpose buildings with the necessary dedicated external space.



Here East, Stratford



Hotel Industriel Pantin, Paris



St Jakob Foundation, Zurich

COMMERCIAL STRATEGY FOR MURPHY'S YARD

The office component will be a flexible mix of space that can accommodate a variety of different requirements. The space has will be designed so it is adaptable and can accommodate different typologies ranging from leasing on either a floor by floor basis or splitting individual floors to SME occupiers seeking move-on space, co-working, or larger office requirements.

Murphy's Yard will be a location predominantly for SMEs, and it will be important to create a supportive environment for these businesses to thrive and grow. This will mean flexible commercial space designed in a variety of different sizes, configurations and typologies.

In an increasingly interconnected business world, Murphy's Yard will create the infrastructure and buildings for an important new business ecosystem to develop and thrive. It will be important to work closely with regional and local government and the emerging business community to promote the location as a mixed-use commercial hub at the cutting edge of innovation, connectivity and a place to create new ideas and make them.

This will be a high-tech environment that provides the necessary digital architecture and connectivity that modern businesses need, and the design of the buildings will promote health, wellbeing and sustainability to ensure a productive and sustainable working environment.

A key part of the philosophy of Murphy's Yard is creating an active and energised ground floor that is the focus of the whole development.

On the ground floor the small local businesses will be the focal point and lifeblood of the scheme, creating great theatre, excitement and engagement with residents and visitors. From these ground floor spaces small businesses will be able to engage with potential consumers displaying the goods and services that they make and celebrate the manufacturing and making process to the passers-by.

The lobbies of the office spaces will also be located on the ground floor and will become important places of commerce and where businesses and people can connect, trade and share ideas. The commercial ground floor spaces connected with the leisure spaces will provide a thriving and vital ground floor that is active, engaging and exciting to visit and explore.

An important consideration in the development of the commercial strategy is recognising that a number of businesses in the Borough, and particularly in Kentish Town, are high growth and rapidly expanding SMEs. A key component of the office space will be to create flexible "move-on space" for these types of businesses. At present in Central London there is a shortage of flexible space that supports high growth businesses that need genuine flexibility. At Murphy's Yard operators will be able to develop within the scheme in a supportive environment that encourages and supports high growth businesses, who often struggle to accurately predict their future headcount and what size of commercial space they will require in the near future.



Montford Place, Lambeth



Industria, Barking

COMMERCIAL STRATEGY FOR MURPHY’S YARD

A unique feature is that businesses will be able to grow seamlessly within the campus from start-ups in co-working and managed studio spaces and move on space for larger local businesses. They will manage their business growth and commercial requirements to “move-on” within the development through different types of space, up to potentially occupying their own building in the future. Affordable workspace and new local start-ups are the lifeblood of any flourishing local economy. They play an important role in creating the excitement and energy of a place and are an important part of the ecosystem that will establish at Murphy’s Yard. The affordable workspace will also play an important role in helping the Borough to retain existing businesses that need “Move on Space” with the affordable workspace also designed to support these Businesses to stay in the Borough where often they have been lost due to lack of suitable space.

Underpinning the whole neighbourhood is the approach to leisure, health and wellbeing. The sustainability of buildings will be critical to the overall success of the location and occupiers are increasingly demanding these important tenant requirements when leasing new commercial space, as staff will expect this as a standard.

Creating a place outside of the buildings is equally important for commercial occupiers. The scheme offers a unique environment and opportunity to create a commercial destination that straddles both an urban town centre and one of London’s most important large green spaces with the close proximity of Hampstead Heath. The Heath Line will provide a 600 meter journey through the development, with a sequence of different types of green space and amenity for the existing and new community to enjoy.

The clear focus on creating a high-quality public realm with atmospheric and industrious streets, public spaces and green spaces will create an environment that enhances health and wellbeing and a place where people will want to work and be productive.

This mix is unique and will be appealing to many companies looking for commercial space. Whilst many will talk of this space as a UK version of the New York High Line, a better precedent is the Goods Line in Sydney. It will offer great amenity spaces, opportunities to connect with ecology and outstanding views of London.

Allied to this will be a curated leisure offer that will include Shed 2 as a destination for the whole community, along with other carefully selected food and drink venues that will build on the area’s reputation as a place where business, leisure and community come together in an important new neighbourhood for London. The scheme will have a focus on interesting independent businesses and local food and drink heroes, creating a compelling and diverse offer that is built from the area’s food and drink heritage to suit all requirements.

Alongside street food, fixed restaurants and café spaces, the warehouse space will offer community events and activities. The offer will be complementary to Kentish Town High Street and will play an important role in energising the wider town centre offer and creating a vibrant and sustainable High Street that encourages footfall, and creates important connectivity and the development of an enhanced circuit that increases visitors and dwell time.

An example of a food and drink destination is Peckham Levels, which is one London’s most interesting mixed-use commercial spaces. It is hugely popular because of its diversity of uses and profile of different tenants and uses from leisure, co-working, small studios and maker spaces and the food, drink and leisure offer. This is a useful example of how space can be used across a range of floors within one single building.

A further important factor will be the Estate Management Strategy and the safe and secure maintenance of a quality environment for the whole community.



Peckham Levels

8. EMPLOYMENT DATA ANALYSIS

EMPLOYMENT DATA ANALYSIS

Current Employment

Across the main HQ building the Murphy’s Group currently employ circa 400 people. However, much of the site is underutilised and not used to its full potential as a commercial location.

The proposed scheme will generate considerable new employment for the area and for London - providing thousands of new jobs. The scheme could generate between 655 and 3,610 new roles. Detailed in the adjacent table is the maximum number of new roles the scheme will generate, based on the masterplan designed by Studio Egret West which accords with the proposed quantum of floorspace across the outline application.

With the retention of the existing Murphy’s Group HQ, which currently has some 400 full time roles, along with the proposed new employment, the scheme will generate over 3,500 people employed on site. Furthermore, based on recent studies by AND London it is our view that the Class E(g) (iii) use, particularly with the likely tenant profile that we have detailed in the report, it is our view that this is more likely to be closer to 30 sqm (322 sq ft) per role.

Floorspace type	GEA floorspace	Density	Measure	FTEs	Jobs
Residential institution (C2)	8,000	45	GIA	170	205
Office (E(g)(iii))	34,500	13	NIA	2,015	2,170
General Industrial/Storage and Distribution (B2/B8)	8,150	36	GIA	215	235
Light industry (E(g)(iii))	32,311	47	NIA	520	570
Healthcare (E(e))	6,589	45	GIA	140	160
Retail/commercial (E(a), E(b), E(d), E(f), sui generis)	3,650	17.5	NIA	160	190
Sui generis: (E(a), E(b), E(d), E(g)(iii), F1, F2 and flexible events space)	1,500	17.5	NIA	65	75
Community (F1/F2)	300	165	GIA	5	5
Total (cap on non-residential development)	95,000	0	0	3,290	3,610

* GIA estimated as 95% of GEA.
** NIA estimated as 80% of GIA.
Source: Volterra calculations; HAC, 2015. Employment Density Guide (3rd edition); CAG Consultants, 2016. London Employment Sites Database (Final Report);
NB: figures may not sum due to rounding

9. LIGHT INDUSTRIAL REQUIREMENTS & MARKET COMMENTARY

LIGHT INDUSTRIAL REQUIREMENTS & MARKET COMMENTARY

London Industrial – Overview

Much of London’s heavy industry has moved to the outskirts of the Capital and beyond, as industrial buildings have been transformed to other uses, especially residential. These conversions have reduced vacancy down to very low levels, and there will be little upward pressure from new supply in the near term, with little industrial construction underway. Low vacancy has translated into healthy rent growth in recent years, albeit to a lesser extent than in Outer London submarkets like Ealing, Enfield and Heathrow. Annual growth has slowed of late across Inner London, a pattern likely to continue in the near term.

Dedicated industrial space of the scale of Murphy’s Yard in Inner London should generate interest as a result of this steady decline of industrial stock within what is still a vibrant marketplace.

The London Plan and the Mayor of London have in recent years strengthened the policies on the retention of LSIL and SIL land, seeking to manage the repurposing of industrial estates to ensure that replacement of existing floor space is reprovided as a minimum requirement and in some locations even seeking an intensification of industrial floor space.

This has been welcomed by industrial occupiers, however this policy approach has made the repurposing and regeneration of industrial estates into mixed-use schemes much more difficult to deliver in reality.

Despite the Secretary of State directing the removal of certain technical aspects of the London Plan industrial strategy including the removal of the 65% plot ratio, we anticipate that the Mayor of London and many Boroughs will seek to maintain and protect SIL and LSIL land through other mechanisms such as planning conditions and S106.

The new use class order has seen B class uses combined into a new use class E. In many sectors, particularly businesses that have been operating from B1C space, businesses often operate in very blurred lines between B1A or B1C use class. This is welcomed by occupiers and landowners alike as a first step in the planning system catching up with modern business practices and requirements, which cannot be pigeonholed into distinct use categories.



Paradise, Lambeth

Inner London Industrial Submarket

The Inner London industrial sub-market consists of the 8 inner London Boroughs and contains circa 20 million square feet of industrial space. Inner London's industrial vacancy rate has more than doubled since the pandemic began, but it remains at historically low levels, and there will be little upward pressure from new supply in the near term, with little industrial construction underway across Inner London. The vacancy rate for Inner London is still below London as a whole.

Industrial lettings above 50,000 sq ft are extremely rare in central submarkets, with only one such deal taking place here in the past decade (the Royal Mail leased a 51,000 sq ft warehouse in Kentish Town in 2015).

No significant industrial buildings are currently under construction across Inner London at this current point in time and none are under construction in Camden specifically. However, several mixed-use maker / light industrial based schemes have recently secured planning permission across London and construction will commence imminently.

As the maker space product is still a relatively new class of commercial property, it is difficult to fully assess how successful the market for the product will be. However, when assessing the schemes that have been built to date it is clear to see a marked trend of schemes that are leasing quickly and are popular with tenants, particularly the new type of industrialist or maker type businesses that are fast becoming the dominant type of tenant in London.

To provide important context of what these schemes look like in reality we have included the main maker space schemes in London that are built, occupied or leased and ready for occupation at the present point in time. In addition to the built schemes a number of light industrial / maker space style schemes are currently coming forward through the planning system or have already received planning permission. These include:

- Old Paradise Street – Lambeth
- Montford Place – Lambeth
- Bollo Lane phases 1 and 2 – Ealing
- Acton Vale – Ealing
- Camberwell Union – Southwark
- Tileyard Studios – Islington
- Trumpers Way – Ealing
- 100 Beresford Avenue – Alperton
- Charlton Riverside – Charlton Riverside
- Meridian Water – Enfield
- Industria – Barking



Design District, Greenwich



Expressway, Canning Town



Caxton Works, Canning Town



Old Smokehouse - Hackney Wick

LIGHT INDUSTRIAL REQUIREMENTS & MARKET COMMENTARY

Camden industrial - Local Market

Alongside Murphy's Yard Camden's main industrial locations are centred around Regis Road, Camley Street and St Pancras Way and Royal College Street.

The Borough's industrial inventory is circa 2.2 million sq ft across 221 premises:

- 131 properties under 5,000 sq ft
- 33 properties between 5,000 and 10,000 sq ft
- 33 properties between 10,000 and 20,000 sq ft
- 24 properties between 20,000 and 50,000 sq ft
- 3 properties between 50,000 and 75,000 sq ft
- 3 properties between 75,000 and 100,000 sq ft
- 1 property between 100,000 and 200,000 sq ft

The Borough has an inventory that contains several large format industrial sheds, mainly used for distribution and logistics, and traditional warehouse buildings many of which have been divided into smaller units for SME occupiers. Much of Camden's industrial inventory is ageing, particularly the smaller light industrial stock up to 20,000 sq ft in size which no longer meets modern market demands.

The large format industrial buildings include major food distribution businesses, logistics companies and major storage facilities which are purpose-built with low plot ratios and significant commercial yards. These are increasingly moving out of Central London, apart from last mile and certain food distribution facilities.

Camden Council is the main freeholder of Camley Street industrial estate and the Council is seeking to bring forward an industrial led mixed-use scheme on the site that will eventually see many of the standalone large format industrial buildings replaced with a mixed-use development. This will undoubtedly create further pressure on the Borough's industrial stock.

There have been relatively few major transactions in Camden in the last 5 years. The main transactions include industrial specialists SEGRO purchasing 3-6 Spring Place in Kentish Town from Brockton.

The largest sale in the Inner London area in 2019 also occurred in Kentish Town. In January 2019 UPS acquired its own sorting office on Regis Road.



LIGHT INDUSTRIAL REQUIREMENTS & MARKET COMMENTARY

A New Industrial Revolution

The UK is witnessing a new industrial revolution, which is often described as the fourth industrial revolution. This has seen the development of new industrial processes driving forward the manufacturing process of goods and resources with advanced means of production.

This has seen major advancements in technology particularly in sectors such as advanced manufacturing, robotics, green industries, urban farming and craft food and drink sectors.

B1C / Class E - Light Industrial - Class E(g)(iii) use

Light industrial space and warehouse space (previously B1 B/C uses until the recent changes to the Planning Use Class order) are uses associated with manufacturing activity, repair businesses and small-scale storage / wholesale activities.

It is important to note that many of these industrial typologies are more likely to fit into the following light industrial and logistics / last mile sectors, as are food production and distribution, order fulfilment, and increasingly creative / maker style businesses looking for space.

The principal reasoning for proposing light industrial, logistics and maker space at Murphy's Yard in place of the current heavier industrial uses described here is that heavy industrial is not typically an appropriate use to have alongside residential, retail, office or any other non-industrial space due to the associated noise and amounts of heavy goods traffic.

These issues have the potential to harm all other aspects of the scheme, particularly at significant scale, making the carefully designed green spaces less pleasant to use, devaluing the residential units, and significantly increasing the risk of vacancies across all commercial uses.

Additionally, due to the increased density of development proposed at Murphy's Yard, the space will become constrained from a heavy industrial perspective, with reduced and more difficult access likely decreasing the desirability of the site for end users.

Key location requirements for industrial occupiers include:

- Affordable rental levels
- Access to main arterial routes, for deliveries both into and out of Central London
- Scale / size of accommodation
- Micro location of the site providing appropriate and unhindered access for regular small / medium sized delivery vehicles

London Maker Movement

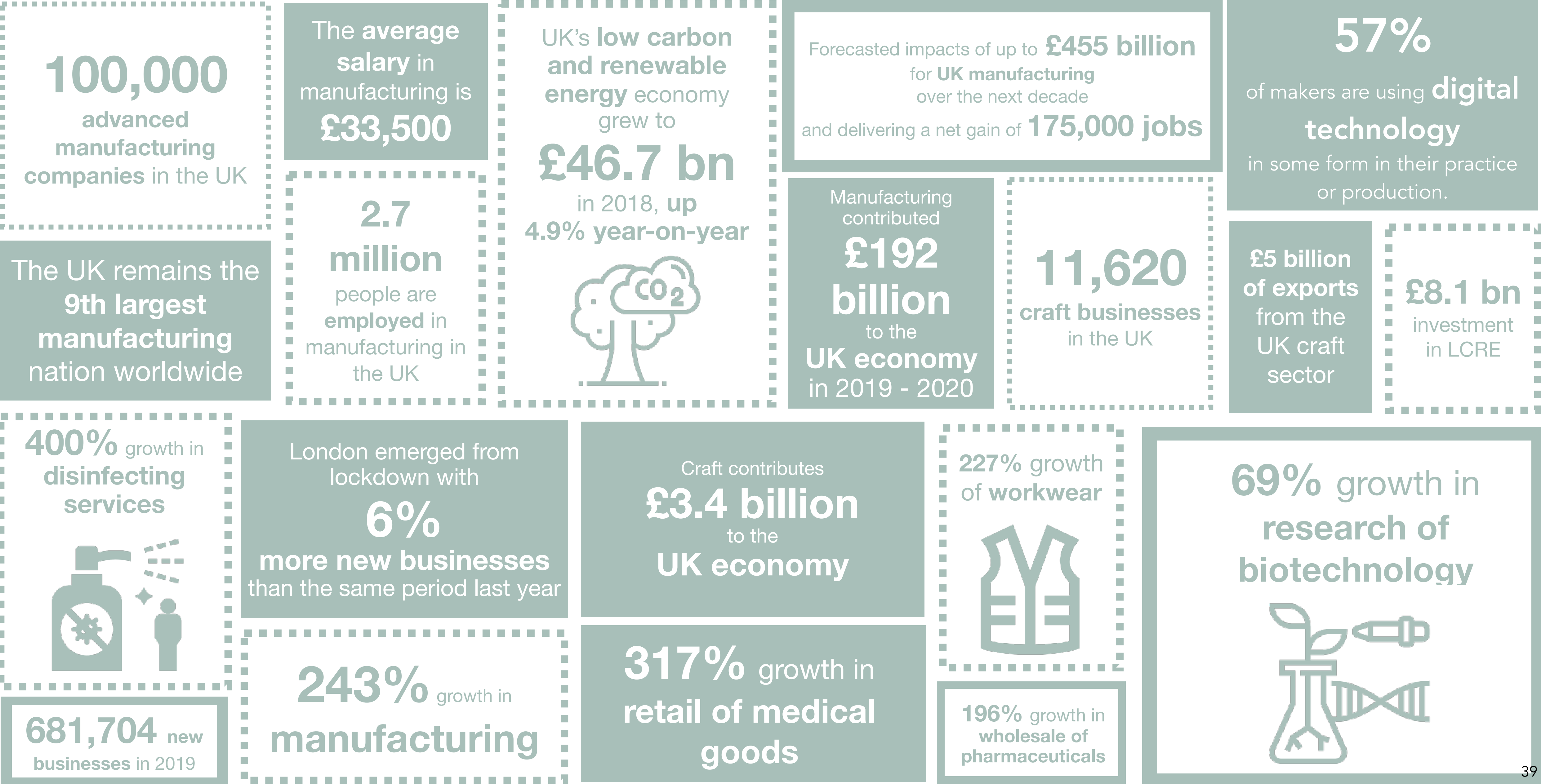
The maker space movement in London continues to grow and requirements remain strong despite the Covid-19 pandemic, and continue to be a growth sector and emerging class of commercial property.

Maker space is defined as manufacturing space but designed for smaller businesses that are physically making products and services, and also in many cases retailing directly from the space to the public.

This shift essentially stems from the major shift in consumer habits and the desire for products that are bespoke, have better local sustainable supply chains and the provenance and quality of the goods can be measured and understood by customers. Consumers are becoming more concerned about their carbon footprint and are trying to live more environmentally sustainable lifestyles. This is translating into space requirements for small start-up businesses that are a hybrid mix between maker and studio space, and sometimes require a small component of frontage for retail space.

There is an emerging trend of businesses wanting a new kind of space that is far removed from the traditional approach to industrial space. We are also seeing a growth in maker type businesses who have grown rapidly, such as craft breweries, that are looking for substantial increase in commercial space within the next two to three years. We are regularly finding businesses need to plan for the future early, due to the scarcity of fit for purpose space.

The growth of websites such as Amazon and Etsy have also enabled producers and consumers to directly interact and trade products with very low set up and marketing costs in an easily accessible way. In July 2016 The Crafts Council and KPMG authored a report which outlined how craft skills and knowledge have a strong economic impact and potential to drive further economic growth. The outcome of this in subsequent years is that many new businesses have been born and they require manufacturing space to make the products they sell.



LIGHT INDUSTRIAL REQUIREMENTS & MARKET COMMENTARY

A report by Enterprise Nation describes how “consumers in developed nations are looking for products with provenance, as opposed to mass produced”. The Head of Sustainability at Ikea reported consumers are now focused on the meaning of buying, as opposed to merely what they are buying.

This transformation of consumer demand is translating into commercial space requirements maker space as entrepreneurs capitalise on changing consumer habits. Businesses are looking for flexible space can be easily adapted for a variety of uses. We are seeing a significant requirement for hybrid spaces that can switch between uses over the course of a day ranging from workshop, to event space and the ability to retail directly in locations with good footfall.

It is important to note that light industrial locations in central London are frequently significantly smaller than the quantum proposed at Murphy's Yard, and whilst we anticipate that there will be demand for a reasonable level of light industrial space from SMEs at the development, we believe the immediate demand is unlikely to match the current quantum of space proposed.

Therefore there is a risk the space will not generate enough value to justify the cost of development, within a viable timeframe, and as a result we recommend flexibility is built into the design to enable the future occupation of a range of tenants, to ensure the viability and vibrancy of the scheme into the future.

B8 - Logistics / Last Mile

In the space of a few months the UK logistics market has virtually swung from a position of potential oversupply to one of localised near-undersupply, with record take-up causing availability to fall by 11% during Q3 2020. In Greater London, the primary driver of the industrial warehouse market is centred around B8 Logistics (prior to the recent Planning Use Class changes), with demand and take-up largely driven by changes to the way people shop.

The main criteria for industrial occupiers in Greater London are consistent:

- Access to main road routes and connections to the M11 and M25
- Scale/size of accommodation
- Micro location of the site providing appropriate and unhindered access for large delivery vehicles

Murphy's Yard is enviably located within inner (Zone 2) London, where availability of logistics/last mile appropriate space at scale will be of significant interest to both smaller occupiers or larger distribution-focused occupiers. The former will typically look for c. 10k sq ft of space and the latter may be capable of taking anywhere between 50k – 150k sq ft of space depending on the location.

In spite of Murphy's Yard's strong macro location, the micro location of the site itself is somewhat constrained, in particular for larger distribution / logistics tenants. From a site design perspective, access to the site for HGVs and smaller vans will need to be carefully considered in order to attract the widest possible number of prospective tenants, and parking (and ideally electric charging points) on site will be important for both smaller and larger tenants.

The local road network will be less of an issue for smaller delivery services as they typically use smaller vehicles that are more suitable for the surrounding roads, although these users may still require infrequent HGV access for inbound stock deliveries, and traffic mixing on site will still need to be carefully designed in order to ensure the overall site is not compromised.

B8 - Storage

The UK Storage Association reported in their last available figures in 2018 that the industry had added a further 13,000 sqm (139,930 sq ft) of new usable storage space in the UK. This was down considerably from 17,000 sqm (182,986 sq ft) in 2015. Combined the big industry players are opening on average 1 or 2 new facilities per annum and on average they have achieved this rate of expansion year on year for nearly a decade.

Most of the major growth was from industry consolidation with the main market leaders using merger and acquisition to grow their portfolios. Over 30% of the total UK storage market is owned by the big industry operators.

The main criteria for industrial occupiers in Greater London are consistent:

- Access to main road routes and connections to the M11 and M25
- Scale/size of accommodation
- Micro location of the site providing appropriate and unhindered access for large delivery vehicles

UK average facility size is approximately 2,800 sqm (30,138 sq ft), although most opening in London tend to be much larger and approximately 5,000 (53,819 sq ft) to 8,000 sqm (86,111 sq ft) in size.

A recent trend we have noticed is that storage facilities are increasingly used as low-cost workspace and many maker type businesses are basing themselves in storage facilities as this often is much cheaper and flexible in terms of leasing arrangements. In many facilities particularly within inner London each storage facility will have a number of small businesses located within them. Storage companies, particularly the market leaders, are changing their operational and brand strategies to try and attract this type of occupier; also providing business lounges and superfast WIFI to accommodate the demands of small business consumers.

Alternative Sectors

Vertical farming

Whilst still a nascent industry, investors and retailers in the UK are looking at vertical farming as a new way of efficiently producing and distributing crops. In 2019, Ocado formed a joint venture with 80 Acres Farms inc. and Priva Holdings – both of whom are leading participants in the vertical farming industry, alongside several other investments in the field with the intention of adding the use alongside their existing property portfolios. Marks & Spencer have also partnered with Infarm, growing fresh herbs in-store in a number of locations.

LIGHT INDUSTRIAL REQUIREMENTS & MARKET COMMENTARY

The reasons for the recent interest in vertical farming are numerous: there are clear sustainability advantages such as low wastage, very low water use, minimal land use and no pesticides, all with predictable yields of high quality produce. There are several reasons on the above list of advantages that make vertical farming a particularly interesting proposition at Murphy's Yard from a placemaking perspective.

Dark Kitchens

The popularity of food delivery services has increased since the start of the pandemic. To meet this demand, several operators are setting up “dark kitchens” – shared kitchen space that different brands can cook and deliver their food from.

Deliveroo has leased a number of units across London in the last few years, with the typical space they have let being on average 3,900 sq ft in size. Deliveroo's competitor Just Eat is also seeking to bolster its dark kitchen network, and reportedly has a UK-wide requirement for units of 10,000 sq ft.

These uses – whilst typically operating at smaller scales – would likely suit the industrial offering at Murphy's Yard Open Storage.

Demand Assessment

Ground Floor Industrial

We are of the opinion that there is a shortage of high quality fit for purpose ground floor light industrial / maker space, particularly in terms of units from 1,000 sq ft in increments up to 20,000 sq ft. Whilst at the present point in time there is a higher than normal level of void space available than in recent years, it is also the case that there is relatively little high-quality space that actually meets modern tenant demands available on the market that would encourage industrial occupiers to relocate.

We anticipate that these spaces will lease to a mix of both small and larger industrial and maker type businesses who are seeking space that is very flexible and most importantly genuinely usable for industrial purposes.

The inclusion of factors such as dedicated commercial yard space will be an important factor for potential occupiers when making leasing decisions, and will ensure that Murphy's Yard is more suitable for industrial uses than other schemes which are much more mixed-use in design and often more focused on the residential element first and foremost.

Stacked Industrial

There are two principal types of multi-storey industrial, both of which will have different requirements and end users. The first of these is effectively a modern version of Victorian warehouses (multi storey industrial units), which can work for maker space-type tenants, and major logistics facilities built over multiple levels.

At the time of writing, Murphy's Yard along with Industria in River Road Barking, The Generator building in Park Royal and Albert Island in the Royal Docks are the only genuine, highly considered stacked mixed sector industrial buildings that are likely to come forward over the next three to five years outside of dedicated logistic facilities.

We are confident that the Murphy's Yard stacked industrial buildings will be able to secure tenants on the ground, first and top floors of the building for industrial and maker uses within the usually expected void periods.

On the upper floors, despite the quality of the building we will need to demonstrate its potential to occupiers and help them to overcome concerns and preconceptions around this type of product and how the building will work in reality.

Larger-scale multi-storey industrial is yet to be fully accepted by UK users, however it starting to become a consideration in areas with increasing constraints and may eventually become the norm as land becomes even more scarce.

The lack of working examples in the UK means there is currently a reluctance for tenants to truly embrace this type of product but there is good will to make this work. .

We would recommend undertaking soft market testing and engaging with the market early in the detailed design process, firstly to measure if sufficient interest exists for this product, and secondly to both convince and collaborate with prospective tenants in order to ensure their concerns around this space and operations are allayed and addressed.

With the current market uncertainty, and the fallout from Covid-19 still to be fully assessed, we feel that it is important to retain a degree of flexibility particularly in terms of end use. This building contains a very large quantum of space and does present a significant leasing risk. We feel that the space with its carefully considered design approach, allied with the future inclusion of a high quality operational and management strategy, and with the acceptance from the local authority that necessary due flexibility on leasing is essential for the success of the building. This should ensure the space leases within a manageable period of time. In order to give the developer the comfort to start these buildings, potentially on a speculatively basis as it may be optimistic to secure a large number of pre-lets, there should be complementary flexibility in the uses to enable this.

LIGHT INDUSTRIAL REQUIREMENTS & MARKET COMMENTARY

Egii Use in Industrial Buildings

It is proposed that up 21,000 sqm (226,042 sq ft) of floorspace in the industrial quantum of the development can be used for either Egii or industrial space. The inclusion of Egii has a strong complimentary fit with wider industrial uses due to the similar occupier requirements and characteristics that tenants of both uses will share.

The ability to co-locate R and D and production on one site will be particularly attractive to businesses as this will have a positive impact if the R and D and production can be located in one place. This will help with issues such as problem solving on product development and quick transfer of knowledge between different teams and access to the production process for R and D teams. This is very difficult to do in Central London and will be of interest to businesses in the new economy and also potentially to institutions and organisations that currently have to separately locate different aspects of the business.

The proposed stacked industrial buildings at Murphy’s Yard will be very attractive to the typical Egii type occupiers such as research institutions, organisations focused on R and D and businesses that need to fabricate or prototype, as the specification of the buildings will meet both industrial and Egii occupier demands.

This includes the following key requirements:

- Generous floor to ceiling heights
- Reinforced floor loading specifications
- The spatial configuration of such units
- The flexibility of the floor plates to configure to specific demands and requirements at relatively low cost
- The inclusion of goods lifts and transport access for loading and unloading
- The unit configurations and ability to grow within the same location and building
- Access and connectivity to transport system and public transport
- The affordability of industrial products compared to other formats of commercial space

The proposed approach will also help to create a more dynamic and varied community of businesses, as companies want to be located in commercial clusters that are home to variety of different businesses, sectors and uses. This will help to create diversity of commercial uses and occupiers who want to build business networks and create opportunities for collaboration. This will make the location much more attractive to different types of uses and occupier helping to ensure the space does not remain void and unused.

INDUSTRIAL REQUIREMENTS

Use	Requirement	Locations	Timeframe
Brewery	2,000 sqm (21,527 sq ft) with 8m floor to ceiling	Inner London	Up to 3 years
Offsite Housing Fabricator	3,000 sqm (32,291 sq ft) with minimum 6m floor to ceiling, but 8m preferable	Inner and North London preferably but will consider other inner London locations – keen to buy and own outright but will rent	5 years
Storage	Up to 8,000 sqm (86,111 sq ft) - keen to buy so no rental deals	would prefer inner London	Anytime
Bottling Facility	Up to 3,500 sqm (37,673 sq ft) with 6m floor to ceiling	Inner London	2 to 4 years
Food production	Up to 2,000 sqm (21,527 sq ft) – preferably 1,600 sqm (17,222 sq ft) with ability to mezzanine 5.25m minimum, but ideally 6m	Inner or North London but will consider all good locations	Immediate up to 1.5 years
Fashion Distribution	1,000 sqm (10,763 sq ft) will consider 1,500 sqm (16,145 sq ft) for right space	Inner London or East	Immediate but do have 1 year left on lease
Brewery + Tap Room	2,500 sqm (26,909 sq ft)	Inner London ideally but will consider all locations	Entering last two years of lease as have outgrown facility will potentially be able to carryover lease if right product is available in 3 years
Managed maker space offer	Up to 5,000 sqm (53,819 sq ft)	Inner London but will consider other interesting locations	Always on the look out for opportunities
Storage Requirement	5,000 sqm (53,819 sq ft) but will consider more if right location – seeking purchase	Inner London	Anytime
Food Production	Needs extraction 1,500 sqm (16,145 sq ft) min 5m floor to ceiling height	Consider everything with close proximity to west end and city	3 years left on lease

Hotel Industriel Pantin, Paris

Completed in the late 1980s, Hotel Industriel Pantin comprises two storey warehouses on the outskirts of Paris, close to the City's ring road.

The building offers a large degree of flexibility and choice - accommodating a diverse range of industrial scales - with approximately 1,000 workplaces over 75,000 sqm (807,293 sq ft). Some smaller units on upper floors have direct car and van access via ramps.

(Source: London Industrial Intensification Primer 2017).



St Jakob Foundation

The St Jakob Foundation provides disabled people with a diverse range of employment opportunities on their site in Zurich West, ranging from work in the famous St Jakob bakery, to repairs, woodworking and facilities management.

The design gathers these uses into a tall loft-like form that responds to the context of the other isolated buildings nearby, which stand along a major railway viaduct in this previously industrial area of the city.

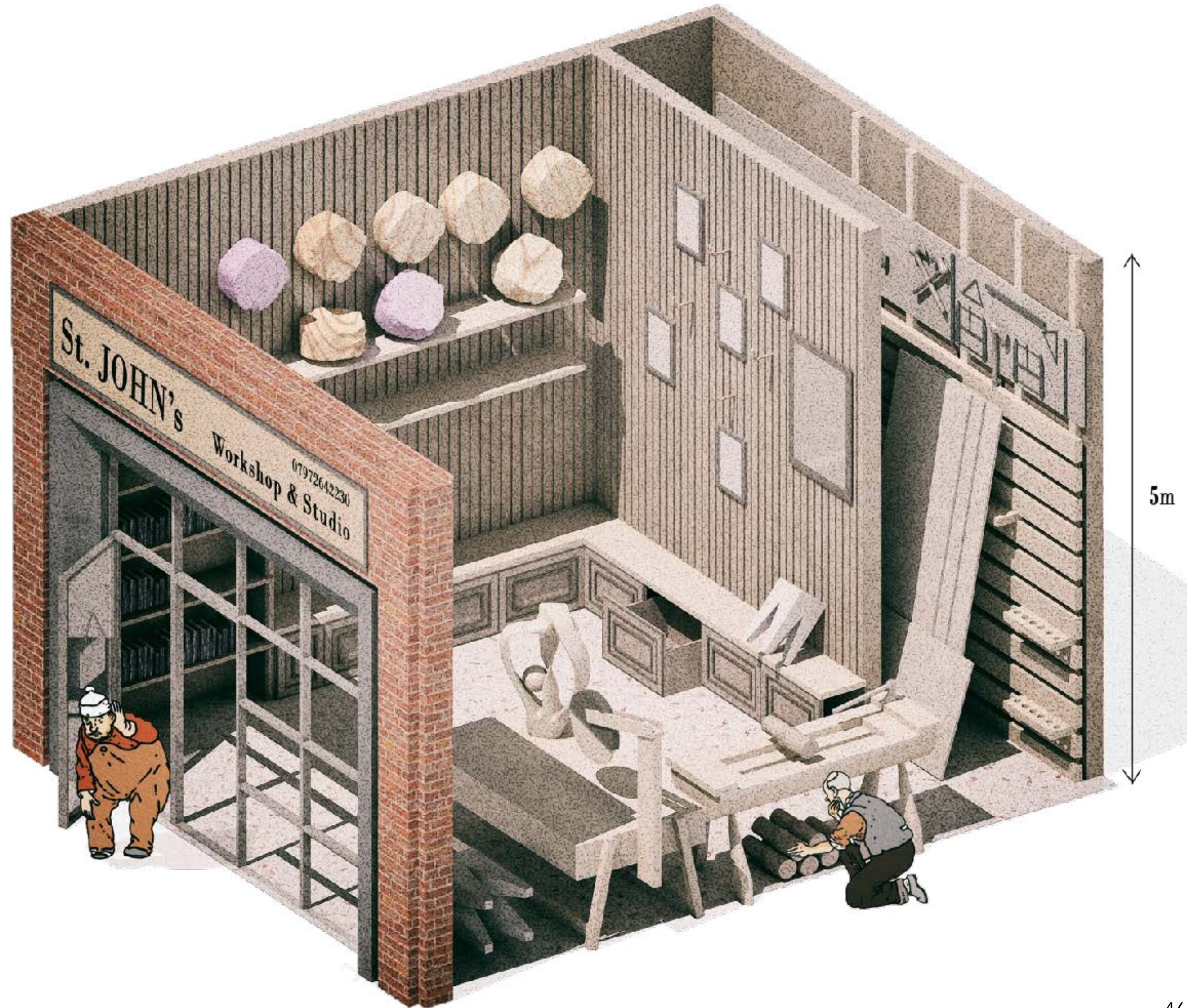


KEY TENANT REQUIREMENTS

- Floor to ceiling heights should be offered between 4m and 7m clear – a mixture of different heights is positive.
- Spaces should be well designed and boxy or rectangular in shape configuration.
- Attention should be paid to the column system to ensure the space is as functional as possible without encumbering the use of the space.
- Robust industrial facades that are well designed – spaces should not be floor to ceiling glass. Spaces should have a modern interpretation of industrial warehouse type facades or a totally modern approach to industrial design.
- Natural ventilation from the window system should be considered and would be welcomed by incoming tenants.
- A well-designed signage opportunity on the façade is critical and a high quality wayfinding system across the wider development.
- Double goods entrance doors are critical and should be well spaced along the façade to ensure maximum flexibility.
- A high quality industrial screed on the floor is essential.
- 3 phase electricity capped in each unit or enhanced provision of utilities such as electrical sockets well spaced around the unit.
- Consideration should be given to communal welfare facilities for certain classes of commercial space including toilets, showers and kitchen points.
- Good transport access and egress to all units.
- Cycle space provision for both staff and visitors.

WORKSPACE TYPOLOGIES - MICRO MAKER WORKSPACE

- 50 sqm (538 sqft)
- Double goods entrance door
- Plug and play specification
- Space for 2 or 3 desks
- Space for signage
- Shared welfare and communal facilities



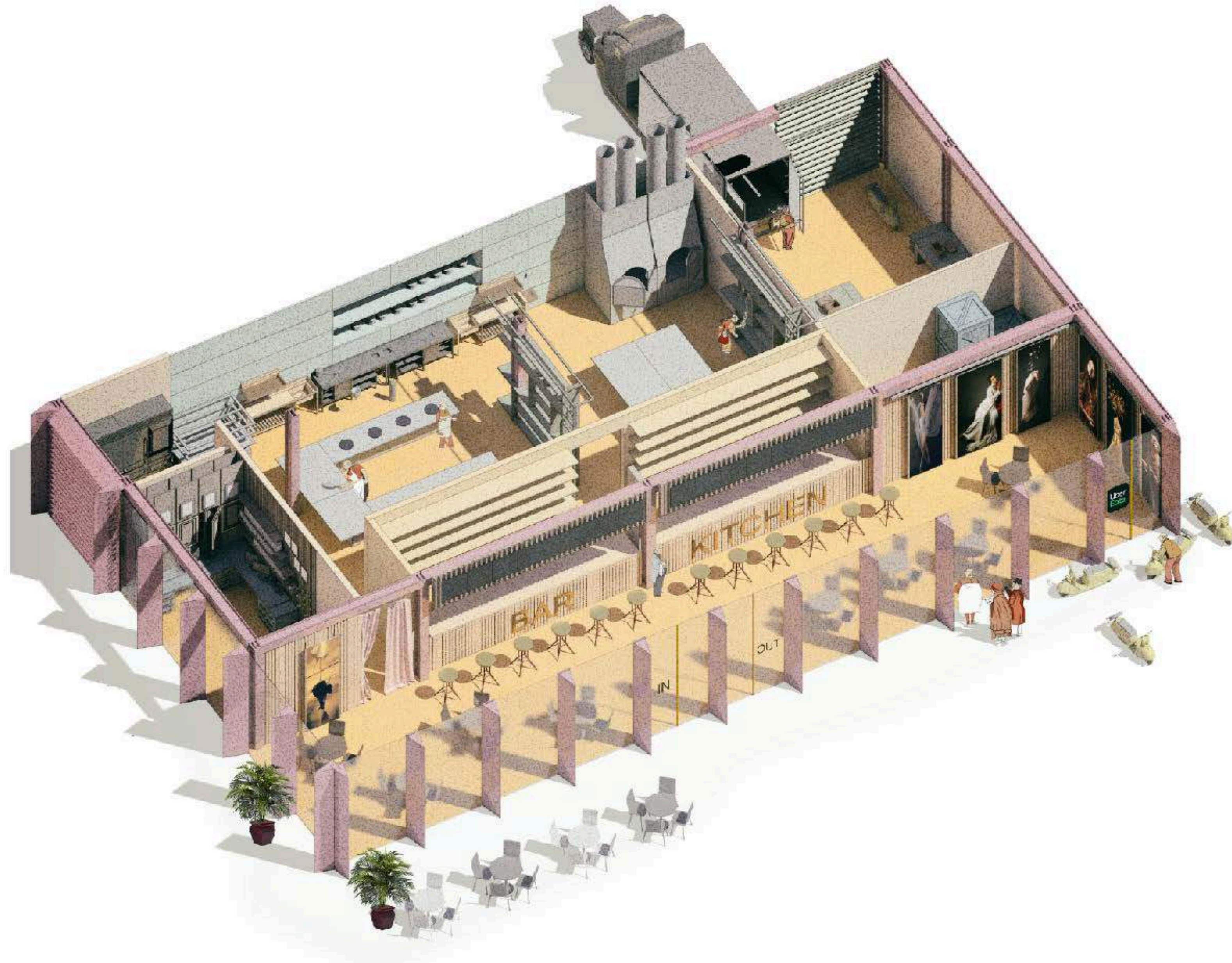
WORKSPACE TYPOLOGIES - PHOTOGRAPHY STUDIO

- 150 sqm (1,614 sq ft)
- Storage to the rear of the unit
- Small dark room space
- Main area split between a sales gallery, studio and workshop spaces



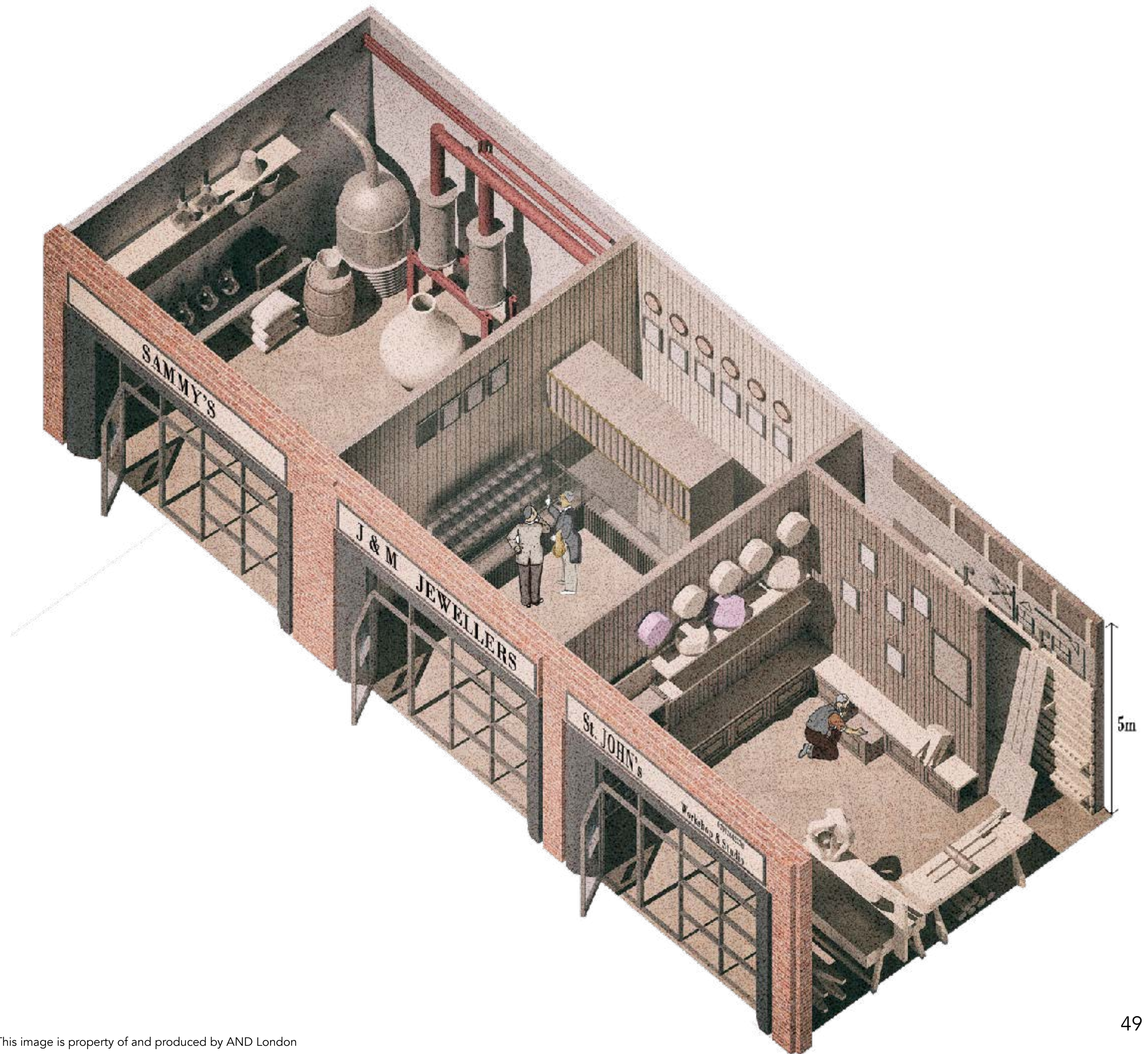
WORKSPACE TYPOLOGIES - DARK KITCHEN

- 500 sqm (5,381 sq ft)
- Production, delivery + collection
- Cold store
- Wet area
- Preparation area
- Front of house + back of house
- Staff Area
- Social scene + Façade treatment



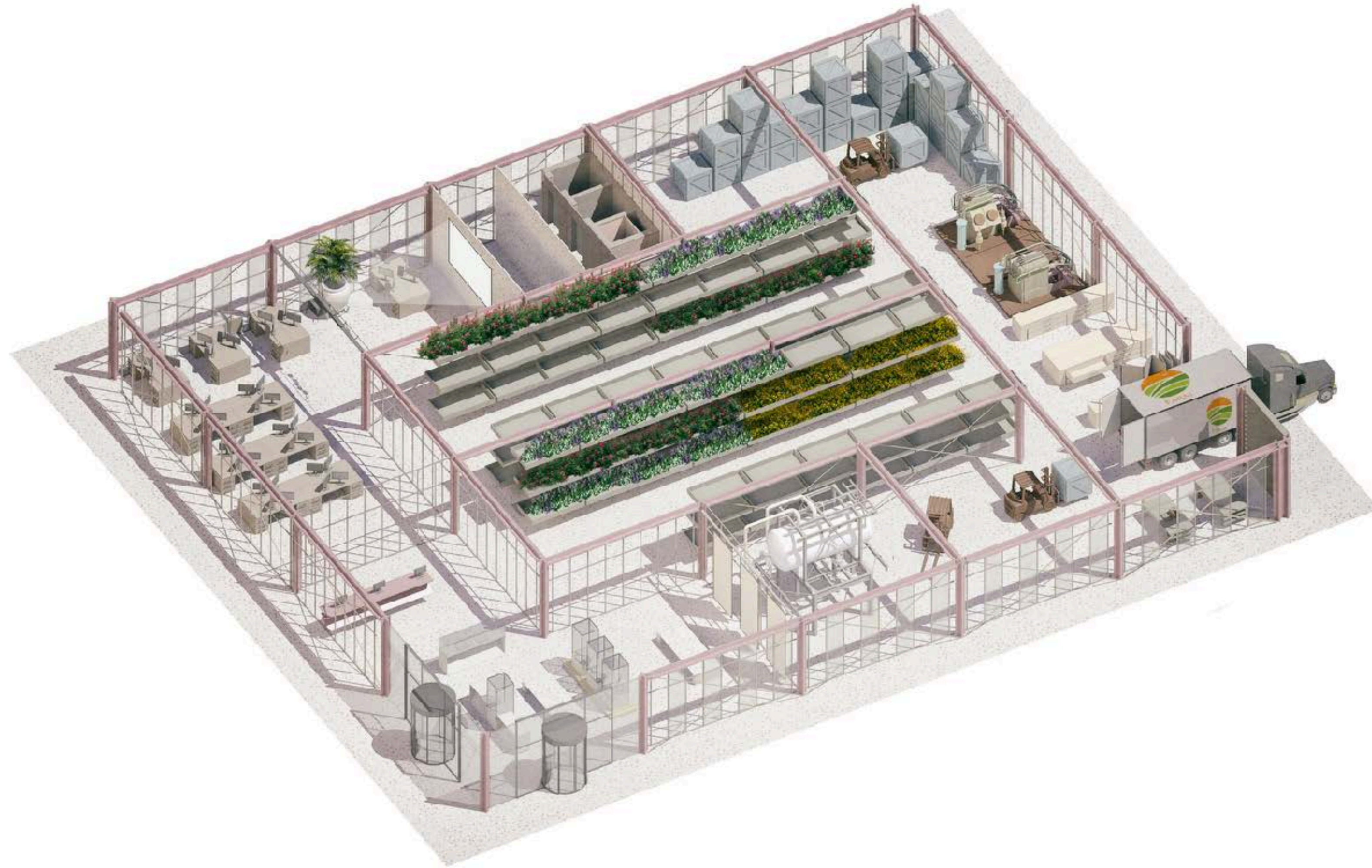
WORKSPACE TYPOLOGIES - MAKER MEWS

- 100 sqm (1,076 sq ft)
- Hard wearing facade
- Double goods entrance door
- Plug and play specification
- Space for signage
- Ability to retail from the frontage
- Shared welfare and communal facilities



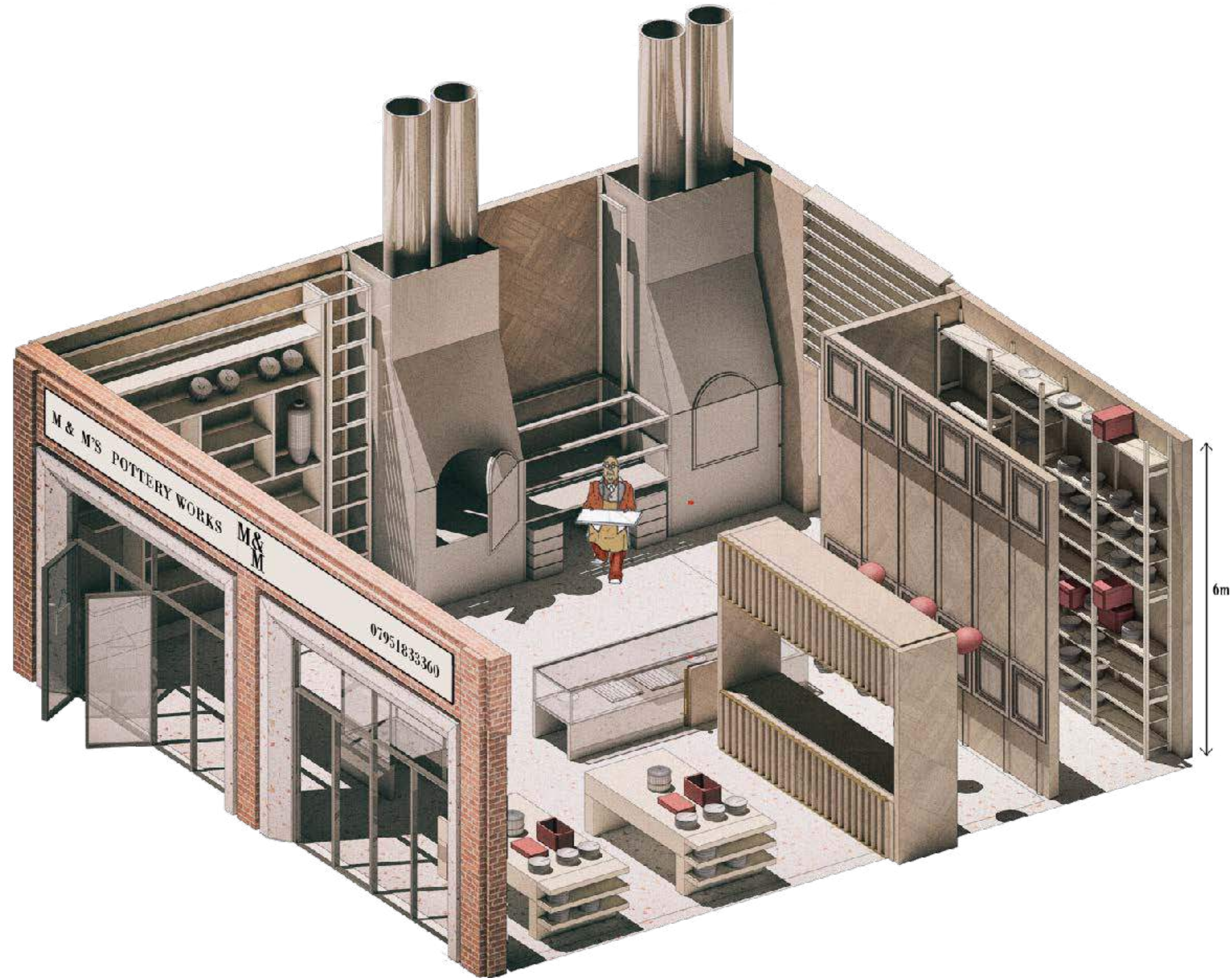
WORKSPACE TYPOLOGIES - VERTICAL FARMING

- 4,000 sqm (43,055 sq ft)
- Production
- Ultraviolet + stacked vertical farming
- Warehouse type
- Office space
- Meeting Rooms
- Desk Space
- Public interface
- Storage
- Delivery + export



WORKSPACE TYPOLOGIES - SMALL FACTORY

- 150 sqm (1,614 sq ft)
- 2 double goods entrances
- Light filled space
- Ability to retail from the frontage
- Square or rectangular shape
- Space for signage
- Well designed column grid
- Extraction if necessary



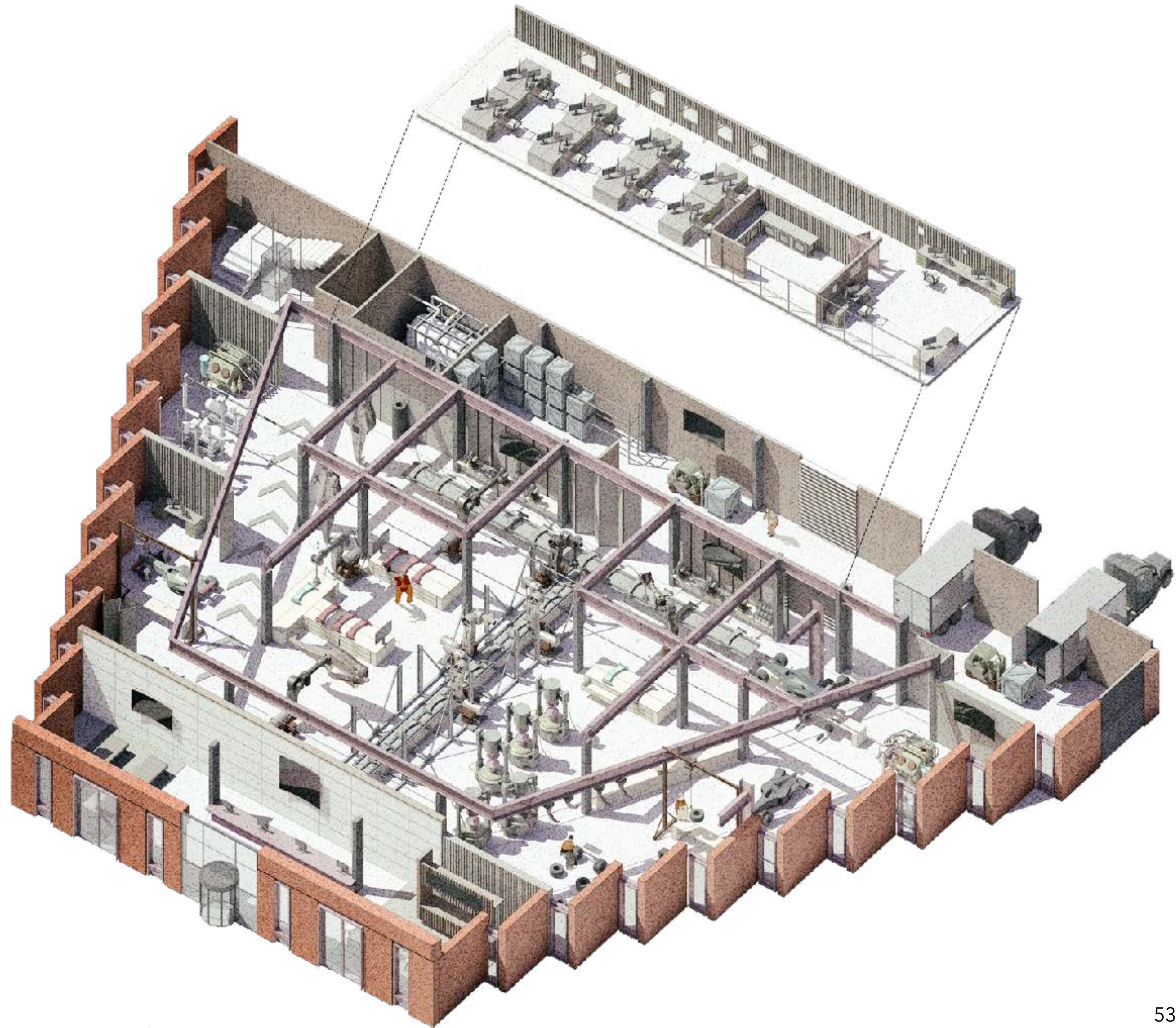
WORKSPACE TYPOLOGIES - MEDIUM FACTORY

- 500 to 1,000 sqm (5,381 - 10,763 sq ft)
- 2 double goods entrances
- Light filled space
- Ability to retail from the frontage
- Ability to include a mezzanine
- Square or rectangular shape
- Space for signage
- Well designed column grid
- Extraction if necessary
- Shell and core specification



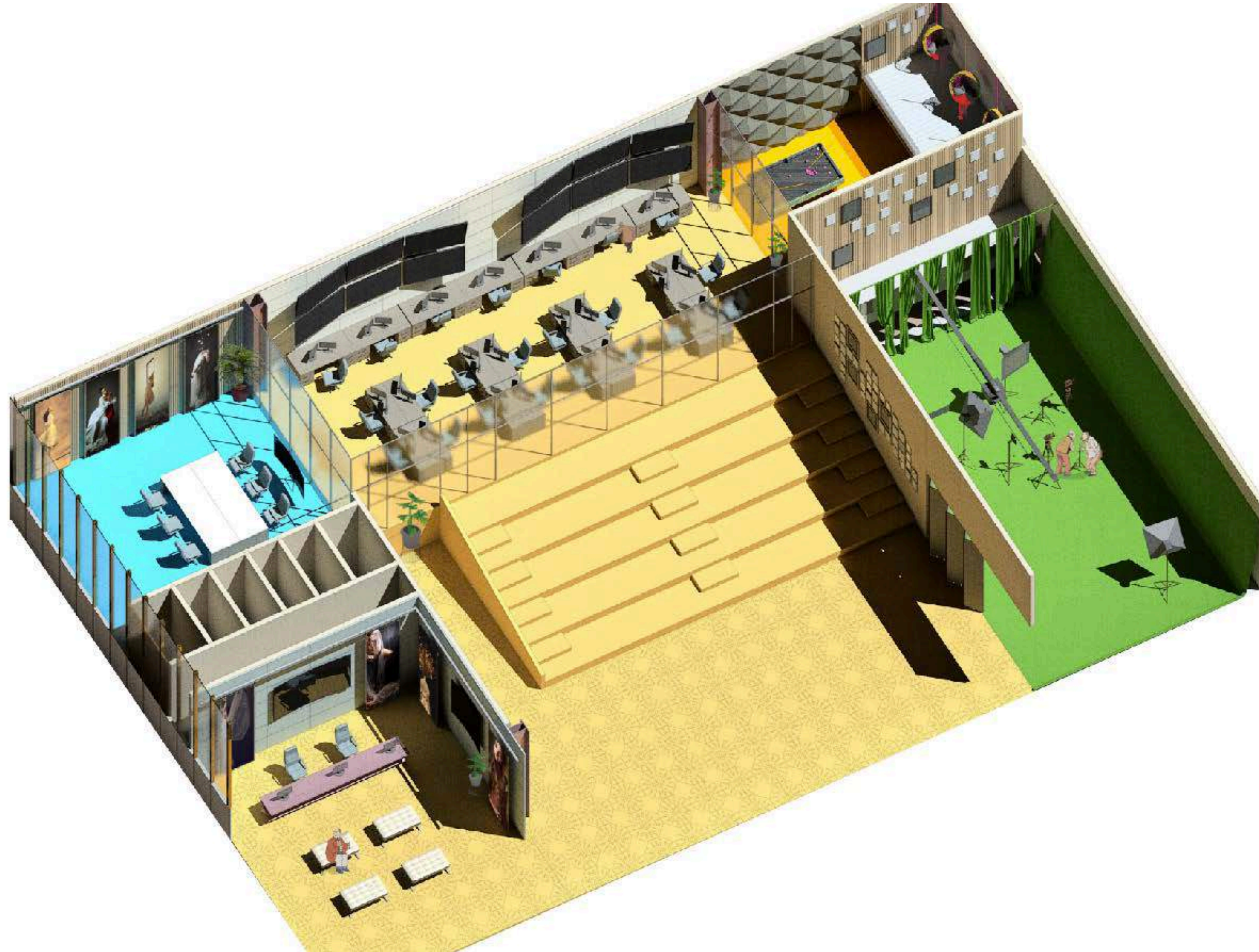
WORKSPACE TYPOLOGIES - ADVANCED MANUFACTURING

- 2,000 sqm (21,527 sq ft)
- Office space on a mezzanine
- Reception at the front of the space
- Production space in the main central area
- Loading bays in close proximity
- Small workshops and flexible spaces on either side of the main production area



WORKSPACE TYPOLOGIES - GAMING STUDIO

- 2,000 sqm (21,527 sq ft)
- Green room
- MAC room
- Film room
- Auditorium
- Meeting room
- Creatives spaces + lounge



Distribution

Staff: 20-50

Requirement: 20,000 - 50,000 sq ft unit with minimum of 6m floor to ceiling heights, large loading bay with double width doors



Photography Studio

Staff: 2 + freelancers

Requirement: 1,500 sq ft, main area split between a sales gallery, studio and workshop spaces



Manufacturing

Staff: 20

Requirement: 2,500 - 10,000 sq ft unit with minimum of 5m floor to ceiling heights, large loading bay with double width doors



Dark Kitchen

Staff: 6

Requirement: 2,500 - 5,000 sq ft, large cold and dry storage areas, parking and loading bays



Craft Brewery

Staff: 10

Requirement: 5,000 sq ft unit with 5 m floor to ceiling heights to house tanks, large loading bay with double width doors



Specialist Textile Manufacturer

Staff: 1 + freelancers

Requirement: Production facility and admin space, area to undertake fulfilment and storage - potential to retail directly to visitors, requirement 250 to 500 sq ft



Green Industries

Staff: 25

Requirement: 2,000 sq ft warehouse unit for storage and charging of electric vehicles, large loading bay, small space for office nearby



Vegan Food Production

Staff: 1 / 3

Requirement: Production and storage space, potentially require extraction, requirement 250 to 500 sq ft



10. OFFICE REQUIREMENTS & MARKET COMMENTARY

OFFICE REQUIREMENTS & MARKET COMMENTARY

London

The London office leasing market maintained strong activity throughout 2019 and leasing volumes stood above the 10-year average (10.6M sq ft), with c. 12M sq ft being let. However, since the start of the pandemic, the London market has witnessed a large amount of space coming to has been put on the market and the vacancy rate, which was at only 4.5% in June 2020, has risen to c. 8%.

The rate of growth of this supply has, however, dramatically decreased since Christmas, and anecdotally, our occupier representation teams report that a notable number of occupiers have now shelved plans to sublet/assign and intend to reoccupy their space. Another positive factor is the decrease of pipeline supply of new schemes as developers and sources of finance have lost their appetite to proceed.

Encouragingly for London, the greatest weight of demand is equally split between three key sectors: banking and finance, business services (including serviced offices) and TMT (tech, media, and telecoms), thereby providing sector resilience in demand terms moving forward. See table below, showing historic and current demand by sector.

We are expecting a quick robust recovery following Covid-19 for a number of reasons, primarily due to the fact because many businesses have delayed real estate decisions throughout 2020 and early-2021 and we are expecting to witness pent up demand in the second half of 2021.

The 2014 LB Camden Employment Land Study by URS identified an additional need of 694,543 sqm (7,475,998 sq ft) of office space needing to be delivered between 2014-2031 in LB Camden. 292,433 sqm (3,147,722 sq ft) of this quantum has been delivered, leaving 499,276 sqm (5,374,162 sq ft) to be delivered by 2031.

On a practical level, some of the largest requirements have US based decision makers behind them and until recently they have not been able to travel in order to make those decisions. Morningstar and Capital Group are two of many examples of this dynamic, and between them represent well over 250,000 Sq Ft of latent demand. Both parties have very recently started touring again, after a 14-month hiatus.

London Borough of Camden / Northern Fringe

London's Northern Fringe, which in occupation sectoral terms is dominated by the TMT and creative industries, has seen large significant rental growth over the past decade and has been among the highest in London, outperforming the market average during 2014-16.

There are three key geographic influences at play here. One is the “Northern Corridor” that broadly follows Marylebone and Pentonville Roads. This can be traced scheme by scheme, starting in the west with Paddington and particularly the Brunel Building, going through to Regents Place (where Facebook are based), Euston and all that will happen here with HS2 and the Lendlease scheme, Argent’s King’s Cross scheme, The Angel Building, The White Collar Factory and The Bower (and Old Street generally).

The second influence is the unquestionable standalone impact of the Argent scheme itself. This has transformed a “no go” area into arguably the most aspirational location for a dynamic/creative business of the last ten years. As with the Northern Corridor, the halo effect of King’s Cross has hugely benefitted its locality, and this would certainly include the proposed scheme.

This is not for a moment to suggest that any of the above should be replicated in any way – in fact the strongest argument is to provide a product that as complementary to what has happened, and certainly not any kind of carbon copy. In our experience, many businesses want to be part of the story outlined above but maintain their own identity in a truly authentic environment. The proposed scheme offers the opportunity to do just this.

The third influence is the increasing evidence that this wider location will become a global knowledge super-hub. Already known as The Knowledge Quarter, it is almost possible to actually feel the crackle of innovation and discovery in the air. There can be very few areas of any world city that boast institutions and organisations of the calibre of UCH, UCL, The Francis Crick Institute, Google, Facebook, DeepMind, The British Library, the Aga Khan Foundation, The British Museum, SOAS, all located in a single place.

And this does not take into account either the very likely arrival of MSD, or much more importantly, the transformation (a hugely inadequate word) of Euston. Nor does it take into account that this area boasts arguably the best rail hub in Europe, where a very short journey from the subject site gives access to direct and easy connections to Europe, The UK, and of course the rest of London. This area will therefore unquestionably become a global focal point of research, innovation and knowledge.

The links between all this - the Northern Corridor, King’s Cross and The Knowledge Quarter generally - are truly exciting to watch as they unfold – The Ted Baker “Tribeca” scheme, the St Pancras Industrial site conversion, Argent’s partnership with the St Pancras Trust on the hospital site, are hugely significant stepping stones between two of the biggest structural changes in the London market, and the subject site.

OFFICE REQUIREMENTS & MARKET COMMENTARY

One of the main reasons for this is due to Central government's continued investment and support for the UK technology sector has also been a key factor in enhancing the wider location. The area around Old Street roundabout, now dubbed Silicon Roundabout, has been pivotal to building and improving the area's reputation as the undisputed tech start-up eco-system of Europe. To put this into context, according to the latest Tech Nation report, London attracted the 4th largest amount of VC funding for technology businesses in the world - after San Francisco, Beijing and New York – at £10.5bn, with Paris being the 2nd highest European city in 15th place attracting £3.3bn of investment.

As a result, supply has grown as developers have been encouraged to build more office stock, particularly around Old Street roundabout along with the development of large, fit-for-purpose, modern office buildings. Examples include Derwent London's The White Collar Factory, which was responsible for tempting core occupiers such as AKT and Capital One away from their traditional locations,; Great Portland Estate's Spectrum at 160 Old Street, now home to television and media business Turner Broadcasting (previously Soho) and more recent schemes, such as Helical's Kaleidoscope in Farringdon where international technology company ByteDance (trading as Tik-Tok, currently based in Paddington) has leased just under 90,000 sq ft. This last deal happened very recently and is a significant indication of market resilience.

The submarket has also seen many traditional warehouse buildings successfully reinvented, such as Derwent London's The Tea Building and The Biscuit Factory on Shoreditch High Street, the homes of international marketing and creative business Mother and TransferWise.

Importantly, Derwent London have been able to retain TransferWise and their growth journey within The Tea Building, increasing their footprint as the business has scaled through Seed and Venture stages of evolution; now occupying 50,000 sq ft within the building.

The Northern Fringe area includes submarkets such as Shoreditch, Angel and Camden, and with comprising approximately 20 million sq ft of office space. Although it lacks the office towers of the City and Westminster, the submarket is among the five largest in London and has a greater concentration of residential units and access to a professional workforce. We see this residential balance as being a very important dynamic as what occupiers want from their workspace evolves, as the ability to live near to where work is becomes a factor of growing significance.

Demand in the submarket has slowed as a result of the pandemic, which combined with the uptick in supply has pushed vacancies upwards as per every other submarket in London. Rents have been under pressure since the start of the pandemic, impacted by the wave of supply and we can expect rent contraction in the near term, which until now has been artificially held up by the provision of generous occupier incentives. However it is important to "look through" this immediate set of circumstances, from which we predict there will be a robust recovery.

Rent

Throughout 2014-16, rental growth in this submarket was among the highest in London, and clearly benefiting from the rapidly expanding TMT sector.

Rents averaged £41.00 per sq ft at the end of 2016, but have dropped by approximately 5% since then and at £38.00 per sq ft, the average rent in the Northern Fringe now sits behind the Western fringe at £52.90 per sq ft and just above the Eastern fringe at £34.14 per sq ft in the London Fringe submarket rankings.

There has been a very wide range of rents achieved throughout the Northern Fringe, reaching £70 per sq ft and above around Old Street and Shoreditch, while rents in Kentish Town have remained well beneath this at c. £30-£35 per sq ft, suggesting there is room for growth in the submarket – certain schemes alluded to below will likely surpass historic rental records.

There have been a number of successful new-build office schemes in the Northern Fringe, such as Rolling Stock Yard with companies such as Xero were recently joined by Gyroscopic Therapeutics who have also taken 10,000 sq ft in the Squire and Partners designed scheme. Clearly, rents in this submarket remain relatively affordable compared to neighbouring submarkets such as Kings Cross, West End and Core City locations.

Leasing

Covid-19 arguably did not come at a good time for the Northern Fringe submarket, which was supply-heavy at the end of Q1 2020 (1,155,278 sq ft). Leasing volume in 2020 nearly halved in comparison with 2019, as office workers continued to work from home. This was the case across London: many occupiers have delayed office relocation decisions, and are securing short-term renewals to provide more time to re-think leasing strategies. For example, Getty Images renewed on 24,000 sq ft at 101 Bayham Street, NW1 for just over a year, and now have a live requirement in the market given they now have a clear roadmap for staff returning to the office.

Interestingly, co-working and serviced office operators were highly active in the submarket pre-pandemic, due to demand from the robust and healthy start-up community along with small TMT firms. IWG Brand Spaces took 38,000 sq ft at the Painter Building, 70 White Lion Street in Islington, N1 during Q3 2019. More recently, Workspace Group moved into 25,500 sq ft at the newly built Brickfields, Cremer Street, Hoxton, E2 in Q2 2020. WeWork remains the largest provider of co-working space in the Northern Fringe market with 84,000 sq ft at 145 City Road; over 50,000 sq ft immediately opposite in the Bower, 207 Old Street; and 72,000 sq ft at Shoreditch Exchange.

Construction activity picked up considerably in the Northern Fringe prior to pandemic, with more space delivered in 2019 (620,000 sq ft) than at any time since 2008. Record-high deliveries were attributed to Wenlock Works (129,000 sq ft), Brickfields redevelopment (99,000 sq ft) and 145 City Road (84,000 sq ft). This delivery of space continued into 2020, with Rolling Stock Yard (58,000 sq ft) and the Senna building (143,000 sq ft) at the Shoreditch Exchange. Importantly, pre-leasing activity was strong prior to Covid-19, with only around 20% of new workspace stock delivered remaining uncommitted, which has kept vacancy rates at relatively low levels, currently at 5.8%.

Looking forward, local construction levels remain robust, with 360,000 sq ft currently in the pipeline. We are confident at this stage that the impact on vacancies will not be too severe as the average size of new deliveries in the submarket is just over 20,000 sq ft.

Kentish Town

The Kentish Town submarket is considerably under-supplied with office stock when compared to neighbouring office sub-markets. Total office stock in the NW5 postcode is around 2.5m sq ft, which is significantly below the 13.5m sq ft in neighbouring postcode NW1, 11.5m sq ft in N1 and 4.5m sq ft in N7.

Available stock is also in short supply, with only 1 current opportunity above 10,000 sq ft office space available in a single unit of 13,000 sq ft, which is a ground floor demise within Highgate Studios (see below).

The over-riding issue facing all growth businesses in Kentish Town is the dearth of good quality, large, ‘move-on space’, meaning businesses which are scaling quickly are unable to commit their long-term future to the area and therefore often need to seek their next headquarter move in a different location.

An example of this arose as part of our research initiative, in which we have extensively interviewed a number of business owners in Kentish Town in confidence. Our interviewee – the owner/ principal of a very successful architectural practice – said that she had moved to the area as a way of minimising the impact of office costs, but was now looking as far afield as Brent Cross due to rents rising around her due to lack of supply. She cited the number of residential conversions and the halo effect of Kings Cross as two key influences in this pattern. Furthermore, she noted that all of her contemporaries were in the same situation as her.

Supply

As above, it’s clear that there is a general lack of good quality, fit-for-purpose office stock within Kentish Town, but there are several schemes worth reference highlighting to understand the supply pipeline in this market:

Fortess Works, Fortess Grove, NW5

This consented scheme, which is due to deliver in Q1 2022 provides c. 28,000 sq ft of B1 office space across two converted 1920s industrial warehouses.

Clearly, given its aesthetic and proximity to Murphy’s Yard, this scheme will be interesting to monitor throughout its refurbishment and leasing as it seeks to attract aspirational occupiers.

We understand that some high-profile occupiers have considered this building, such as:

- Adidas before their requirement outgrew Fortess Works and they moved to Herbal House in Clerkenwell, EC1.
- Rapha Cycles, who have subsequently moved to Tileyard Studios, Camden, N7, and
- Fulwell 73 (James Corden’s production company) who now occupy space in 7 Bayham Street, Mornington Crescent, NW1.
- It is however highly encouraging that occupiers of this calibre will consider space of this nature in Kentish Town. We understand the building is likely to be leased to two separate occupiers taking c.10,000 sq ft and 15,000 sq ft of self-contained units, rather than a single occupier for both elements of the scheme.



Fortess Works, Fortess Grove, NW5

Spectrum House

Immediately North of Murphy's Yard on Gordon House Road is Spectrum House, where Westbrook has undertaken a rolling refurbishment of units coming back under their control.

The building totals 52,000 sq ft made up of office space from 300 sq ft to 3,500 sq ft, again underpinning the lack of move-on space for high growth businesses. There is currently 13,500 sq ft available across 13 units, the largest being 1,900 sq ft and the smallest being 205 sq ft.



Piano Factory, Perren Street

The Piano Factory is located near Kentish Town West Station but is currently available either as a whole or floor by floor.

The building comprises 18,500 sq ft over 6 floors from Lower Ground to 4th. The building has been 'moderately' refurbished and the previous occupier's fit out has been re-purposed.

Notably, the previous occupier of the building was MVF, a company that helps businesses scale by helping them find new customers. They provide another example of a growth company who outgrew their space and had to move out of Kentish Town to find a suitable workspace. They recently took 40,000 sq ft over two floors at Wenlock Works, Shepherdess Walk, N1, during Q3 2020.



Highgate Studios

Highgate Studios is the most useful comparable for Murphy's Yard due to both location and style of building. It was designed by Archer Architects around 1908 and was originally a collection of Victorian Buildings which was home to the Sanderson Wallpaper factory. It then became The International Oriental Carpet Centre but now operates as a workspace called Highgate Studios that provides over 200,000 sq ft of flexible office and studio space in Kentish Town for the local business community.

The building evolved organically into a major creative community cluster for Camden, putting the area on the map as a business destination. This much sought-after space is leased on predominantly conventional leases, albeit mostly on 3-year terms. and significantly less expensive than other more established office locations in the Borough.

Vacancy rates have historically been very low within this development. In the last market update report, there was only a single suite of 1,500 sq ft available, but due to Covid-19, there is now just over 30,000 sq ft available, the largest suite being 13,500 sq ft and the smallest being 740 sq ft. The which have high ceilings and good levels of natural daylight.

The mix of current occupiers is, unsurprisingly, weighted towards the creative sectors with various film and music or sound production companies in occupation. Tech is also prevalent and the largest occupier in Highgate Studios is Softwire.



Occupier Case Study: Softwire, Highgate Studios

Softwire, a software development company for SMEs, have grown in the building since they took 7,500 sq ft there in 2010 and now occupy nearly 25,000 sq ft.

Softwire provides digital transformation services to businesses and organisations such as The Cabinet Office, Public Health England, DeepMind and Moorfields Hospital.

They employ nearly 200 people and have recently won two contracts from DfE Teaching Recruitment Projects worth up to £6m.

Clearly, due to the start-up or SME status of the majority of Highgate Studios' occupants, it is likely that many will grow and need to evolve into larger space, ideally in the immediate vicinity. Clearly this 'incubator' type behaviour provides a network of growing businesses to occupy workspace within Murphy's Yard.



Occupier Case Study: The Shadow Robot Company, Spectrum House

The Shadow Robot Company build next-generation robot hands and systems with advanced dexterity to help solve challenging problems and provide a meaningful purpose. They have doubled their footprint in Spectrum House to 3,500 sq ft on the first floor.

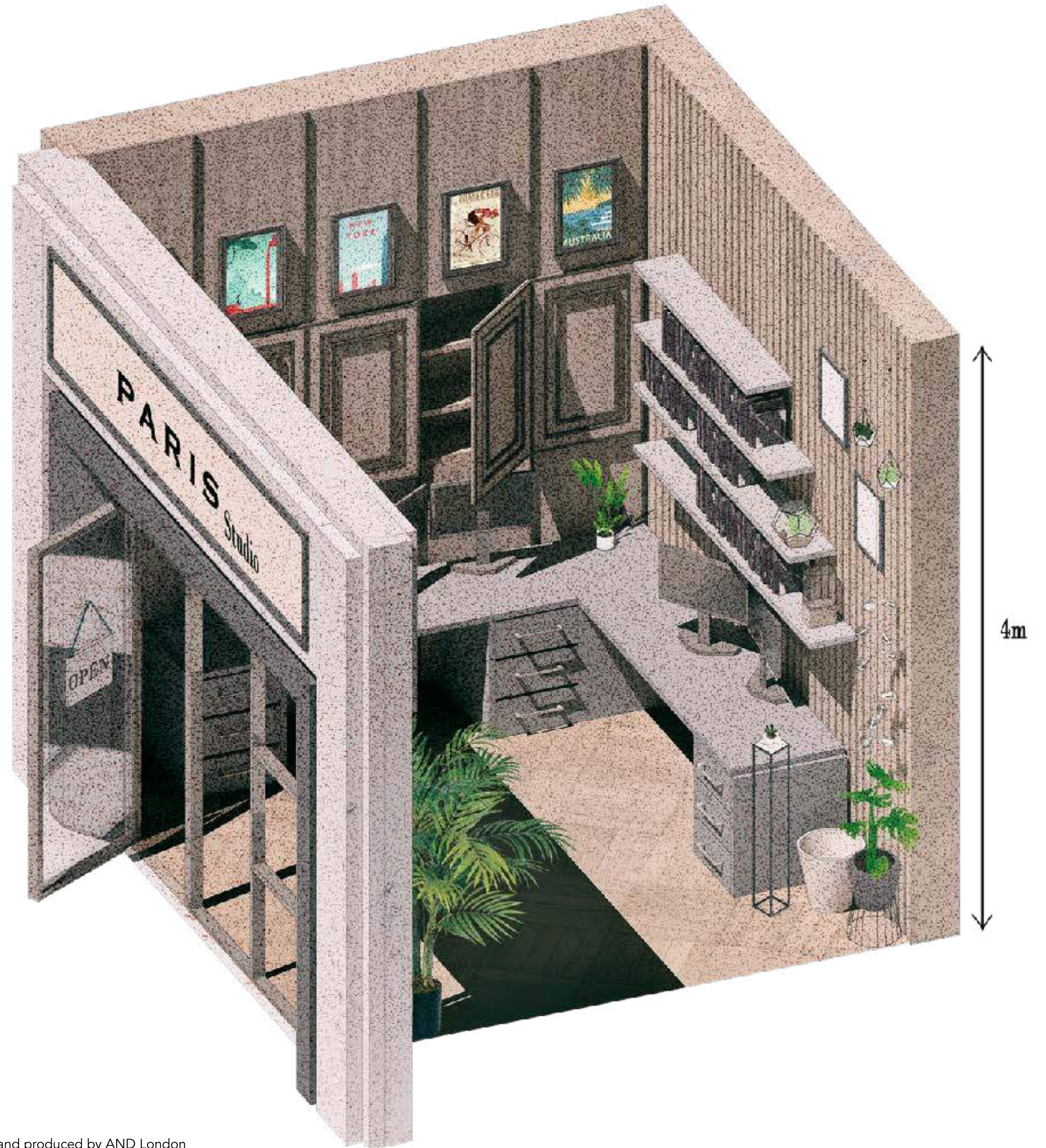
They have appeared on numerous High Growth Lists and received just under £5m from over 21 separate grants, the most recent of which was for £425,000 in July 2020 from the 'Value of Joint Experimentation in Digital Technologies for Manufacturing and Construction' Project.

As alluded to above, The Shadow Robot Company will find it hard to identify their next HQ space in Kentish Town and might be the next high growth business to have to leave the location to find workspace to sustain their future growth.



WORKSPACE TYPOLOGIES - MICRO STUDIO WORKSPACE

- 25 sqm (269 sq ft)
- 4 meters floor to ceiling
- Large entrance door
- Plug and play with M & E already in place
- Light filled space
- Space for 2 or 3 desks
- Signage opportunity
- Shared welfare and communal facilities



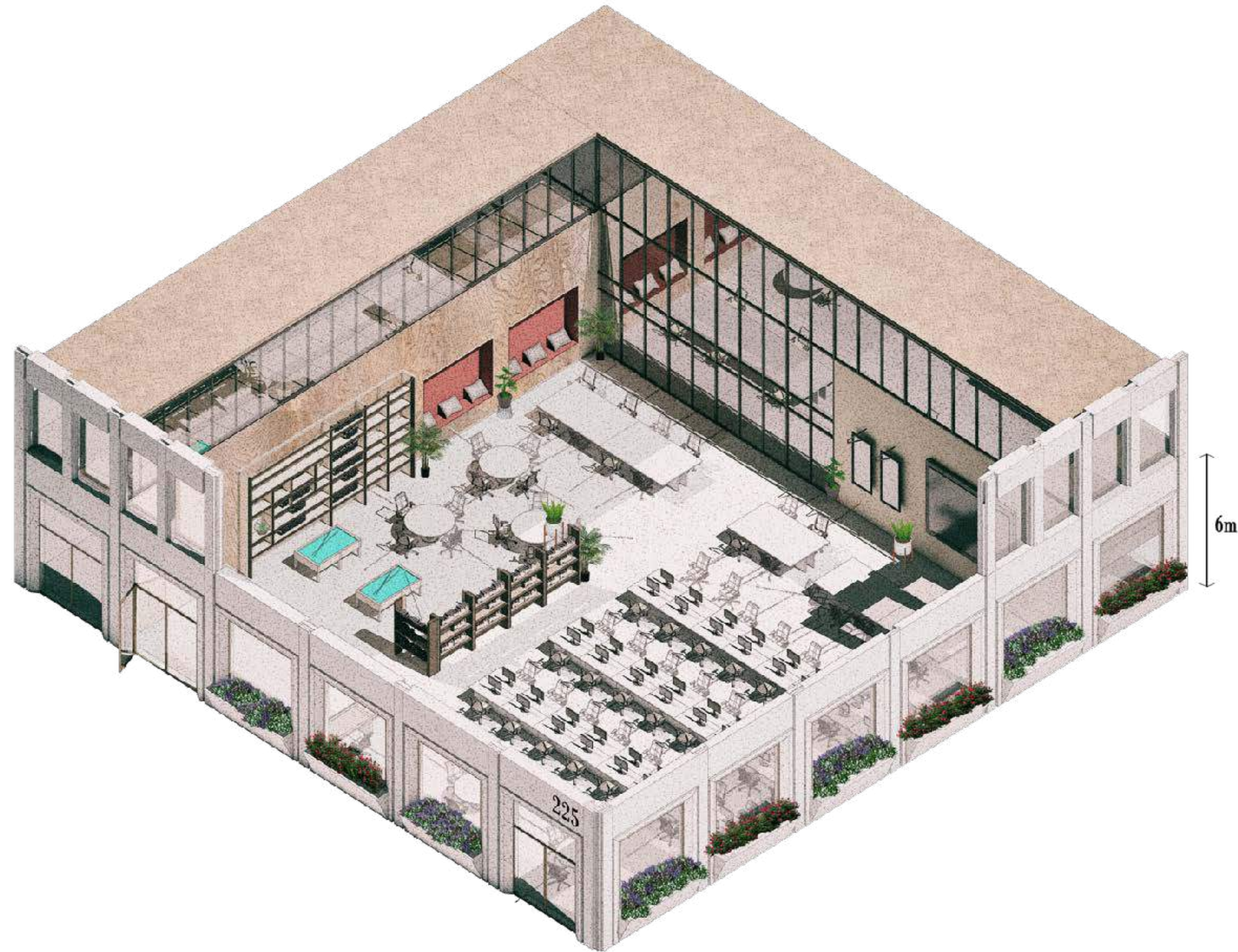
WORKSPACE TYPOLOGIES - CREATIVE STUDIO

- 250 sqm (2,690 sq ft)
- 4 meters floor to ceiling height
- Light filled space
- Usable shape square or rectangular
- Well designed column grid
- Large entrance doors
- Enhanced shell and core or Cat A



WORKSPACE TYPOLOGIES - CO-WORKING SPACE

- Minimum size 1,000 sqm (10,763 sq ft)
- 4 to 6 meters floor to ceiling height
- Light filled space
- Easy to divide in to small units and space
- Well designed column grid
- Large entrance doors
- Enhanced shell and core or Cat A



WORKSPACE TYPOLOGIES - CONCEPT WORKSPACE

- 2,000 sqm (21,527 sq ft)
- New formats that combines leisure and work to maximise use of space
- Yoga / dance studio
- Workshop space
- Office / studio space
- Podcast / recording studios
- Co-working in the main area which is offered flexibly to enable wide variety of uses



This image is property of and produced by AND London

11. RETAIL, LEISURE & HOSPITALITY

RETAIL, LEISURE & HOSPITALITY

Retail, leisure and hospitality in Camden and Kentish Town is predominantly independent in nature. The typical residents and workers are affluent, curious, well informed and keen to seek out the most interesting independent restaurants, cafes, retail and leisure uses.

Camden is a very affluent Borough, with the median level gross full-time pay for residents at £41,246, compared to the central London average of £41,167 and the greater London average of £35,716. This ensures a high degree of disposable income and a large number of the all important A, B, C, 1's both in terms of residents and workers.

The vacancy rates on shopping frontages in Camden have fallen from a peak of 7.7% during the 2012 recession. Camden's main town centres have relatively low levels of vacancy with between 5% and 6.1% vacant over the last five years. The last reported 2018 figure is 6.1% and this is expected to grow with the current market climate and the rapid change in consumer habits in retail and hospitality.

The Murphy's Yard Retail and Leisure Strategy

One important factor of the strategy is to ensure that Murphy's Yard has a positive impact on Kentish Town High Street and helps to create additional footfall and business and a thriving High Street.

The strategy devised for Murphy's Yard is to ensure that the scheme does not compete with the High Street and create a rival location that impacts its viability.

The current High Street offer is based within predominantly Victorian buildings, and the public realm is very narrow and is on a busy road filled with cars and vehicles. It offers limited opportunities for people to stop and linger outside and on the public realm.

Murphy's Yard provides the space for people to visit within the High Street area to meet and enjoy a nicer environment for leisure. The strategy is to promote a complimentary offer that will create more reasons to visit the High Street and to stay in the town centre for longer, benefitting the local economy. The scheme will avoid retail that creates a rival shopping area and will focus on convenience retail and an F & B that offers a point of difference and would not or cannot be based on the High Street.

A prime example of how Murphy's Yard can have a positive impact on the High Street is creating a street food offer which would be very difficult to accommodate on the existing narrow High Street. Murphy's Yard will be able to accommodate alfresco dining - something the High Street cannot deliver. There is also significant interest from breweries. A street food offer will create a destination for the wider town centre offer and will create additional footfall and use of existing shops and leisure. As the area has no real offer for this important sector apart from in Camden Town Centre.



Pergola Paddington



Flat Iron Square

RETAIL, LEISURE & HOSPITALITY



Deptford Market Yard

The offer will focus will predominantly on local independent food and drink heroes and will also seek to provide space that meets the requirements and demands of restaurateurs going forward. We are seeing a major change in requirements due to the pandemic that are likely to become long term trends. For example, we are seeing increased demand for considerable outside space, in some cases for 50+ covers, something that the current High Street will struggle to offer and facilitate.

Retail, Leisure and Hospitality at Murphy's Yard

The scheme could support a very small quantum of convenience retail to support residents and the businesses that move to Murphy's Yard. The scheme could support a small convenience store and potentially some other convenience uses.

Food and Beverage Market Commentary

The London food and restaurant sector is very much in a state of flux, particularly since the start of the pandemic which has meant much of the sector has been shuttered for much of the last year. Survival rates for new restaurants are low and there is huge over supply of restaurants in certain Inner London locations, particularly in secondary off prime locations. Since the start of the pandemic over 70 quality independent restaurants in central London have closed for good. A number of chains have also closed for good and many national restaurant groups are re-evaluating business plans and where they locate in the future.

The industry has also been hit by the continued rise in business rates and the increased cost of staff, resources and high rents.

RETAIL, LEISURE & HOSPITALITY

Furthermore, the popularity of apps such as Deliveroo and UberEats bringing high quality restaurant food to the consumers' front door has dramatically changed the landscape of how, where and when people eat restaurant quality food.

Consumer tastes are rapidly changing and consumer loyalty towards brands is low. In recent years consumer habits have shifted from casual and fine dining towards pop up, street food and concept-based offers and venues that focus on providing a single product to a very high quality.

F & B Requirement

Murphy's Yard is not a Michelin star fine dining location; it is a location for innovative but casual dining that meets the requirements of a diverse community of workers for lunch and early evening and provides great neighbourhood dining for residents who will live in or around Murphy's Yard.

For the location to be viable and sustainable, operators will need a significant volume of workers based at Murphy's Yard to ensure a good day time trade and provide the necessary day and night volume of users that will be essential for a business to thrive in this location. In the selection of the operators for Murphy's Yard it will be important to work closely with the operators to ensure they can deliver a product and a service that is accessible for the majority of workers and residents. This will be particularly important to ensure that the right kind of lunch offer, where people tend to spend much less on a meal.

It is our view that the location will be able to support an interesting F & B offer, based on the fact that Shed 2 could become a major street food location.

It is our view it would be unwise to provide anything more substantial in terms large format restaurant space than 2 or 3 spaces, particularly as the area already has several established highly quality operations and a raft of mid-market and small chains on the High Street.

It is also our view that these venues should be clustered around Shed 2 or carved out of the warehouse space, to ensure the maximum visibility and to create a cluster of space at the heart of the scheme. It is our view that one of the two F & B spaces should be wet-led with a food offer to ensure the offer is sustainable.

Cafes are an essential part of building a local community and providing a business infrastructure for an area. It will be critical to ensure the scheme has at least two such offers located strategically across the scheme. This should focus on securing quality independent offers.

To fit with the industrial narrative of the scheme one opportunity is to try and attract operators that will also produce on site, such as a coffee roastery with a café as part of their offer to build on this narrative.

For places to become destinations landowners cannot just lease the spaces and rely on people to come and expect the initial opening line up to still be operating and thriving in five years' time.

In this era of multiple choice of restaurants and food markets, it is important to help to try to keep places fresh and exciting with regular openings and opportunities for new operators to bring ideas and concepts to the scheme and keep the line-up interesting. It is our view that at least one unit should be "white boxed" and let on a short and mid-term pop-up basis. Such rotations keep the offer fresh and exciting for visitors, workers and residents.

Leisure

Murphy's Yard is a project of a scale that some of London's most interesting and innovative large scale food and leisure markets will undoubtedly be interested in, despite the close proximity and popularity of Camden Market. The view from operators is that Camden Market is more focused towards out of town visitors and tourists, and at present there is not an offer that is focused towards local people for street food and pop-up concepts.

The Murphy's Warehouse will be an ideal location for this type of offer; creating an atmospheric and exciting location. A major operator would help to create the necessary buzz and the cultural and hospitality infrastructure to enhance the viability of the commercial workspace proposition and undoubtedly improve residential values.

Operators in the market are looking for long term leases rather than just the typical short-term pop-up licences which have been the norm for this type of operation in recent years. Operators are looking for 10 to 15-year term certain agreements, to provide the level of comfort required to make major investments in fit out and marketing such a large space will require.

12. LIFE SCIENCES

LIFE SCIENCES

Life Sciences is a broad term for a subsector of the wider science and innovation industry, typically referring to the application of biology and technology in order to improve healthcare; it is predominantly seen as encompassing three major sectors:

1. Pharmaceuticals, or the development of drugs and treatments using chemicals
2. Biotechnology, or the development of products including drugs using living materials
3. Medical Technology, which is the development and adoption of technological advances in medicine, including medical devices and equipment.

A variety of other sectors exist beyond these three that fall within the broader Life Sciences category, such as genetics & genomics and digital healthcare, all of which are potential users of real estate, and importantly, all of which will have slightly different requirements from their property portfolios.

The three most heavily used types real estate by Life Science companies are:

1. Research & Development Facilities (Laboratories): Spaces optimised for scientific discovery.
2. "Good Manufacturing Practice" ('GMP') and "Good Distribution Practice" ('GDP') Compliant Space: Space that conforms to the minimum standards that a medicines manufacturer must meet in their production processes.
3. Office Space: Conventional office space, primarily suitable for data analysis and interpretation of results, in addition to sales, marketing, administrative and executive functions.

The requirements of the space being delivered can vary vastly depending on the work being undertaken in the lab, and so delivering incorrectly specified space is easy without an in-depth knowledge of the local market.

Beyond this, there are typically a number of considerations that will need to be addressed at a minimum, when delivering space for this sector:

- Labs will typically require 14ft (4.3m) slab to slab heights in order to accommodate HVAC and other systems.
- Robust building systems such as air, water and electrical systems, that are capable of supporting wet lab space.
- Solid foundations to protect against vibration.
- The most modern lab spaces expect significant common/ collaboration areas in which employees can engage and network.
- Capable of GMP/ GDP Compliance, and often compliance with Biosafety Levels 1/2/3/4.

Whilst office products have relatively standardised definitions, things are more fluid with lab space. The likelihood is that any space delivered at Murphy's Yard would be presented as 'lab-enabled', meaning the base build will allow labs to be installed, and likely comprising:

- 4m+ slab to slab heights
- Large risers
- No raised floors
- A clear route for air handling kit to be installed in the ceiling void etc.

It is important to note that conventional laboratory space will not entirely comprise dedicated R&D laboratory uses, and typically the proportion of laboratory space to office space is between 60-70% office to 40-30% laboratory.

This is important because whilst it is relatively straightforward to retrofit conventional office space to be used for life sciences office space, retrofitting office space to R&D laboratory space can be significantly more challenging. The stacked industry buildings could work well to accommodate the above requirements, alongside light industry on other floors

Life Sciences Market Overview

Life Sciences as a market sector in the USA is more developed than the UK, and as such the US provides a window into the direction of travel we expect to be taken by the UK sector. There has been significant recent growth in capital inflow in the USA: venture capital investment in the industry increased from a total of \$3.7bn in 2008 to \$17.4bn at the end of 2019, and R&D expenditure by corporations has been increasing rapidly alongside this: in 2018, R&D spending in the pharmaceuticals and Life Sciences industries totalled \$154.5 billion, up from \$148.7 billion in 2017 and a 40% increase since 2012.

Over the past 18 months, the UK life sciences real estate market has been growing in stature. The fundamentals of the UK life science market are strong: the UK has a number of world class Universities, a strong research base, a deep talent pool and a growing ability to translate research into companies.

Long-term the pandemic is unlikely to change this, with the UK remaining head of other European countries in the field, and the UK public health system looking to progress from a reactive position initiated by Covid (vaccine development) to a proactive position (prevention and development of new technologies): a change which requires investment and research.

In conclusion, Life Sciences will continue to be one of the key growth sectors for the UK economy, and its growth will need to be matched by the continuing availability of appropriate research facilities across the UK.

The principal life science locations in the UK are Oxford, Cambridge and London, and the main drivers that have led to these three locations being seen as the hubs for life sciences are as follows:

- Access to leading research facilities and organisations
- Access to leading hospitals and practicing clinicians
- Access to industry

LIFE SCIENCES

- Future growth in this sector in London specifically is expected to be strong, building on:
- The current combination of a lack of dedicated space and a desire from occupants to be located in the city;
 - The highly-skilled workforce that is located in and drawn to the Capital;
 - The activity of occupiers and tenants within this location, coupled with investors who are willing and able to finance research.

London Life Sciences Market

Life Sciences Clusters are typically very sensitive to their micro-location, and the ideal location would allow a practicing professional to walk between patients at their hospital, research work at their university, and business in their life sciences hub in the same day. Additionally, the ability to create a collegiate environment between researchers and other workers in the field clustered nearby is highly desirable.

The leading London life science cluster is the “Knowledge Quarter” and Kings Cross, which centres around the Crick Institute and UCL; others include a growing cluster in East London, specifically around Whitechapel and at White City.

In London, the amount of commercially-let lab space is relatively small for a city of its size and reputation, meaning it suffers from a lack of appropriate workspace – in particular labs – in what is a rapidly growing sector both in terms of employees and capital investment.

Whilst there is currently a limited amount of commercially available laboratory stock in London, there is an acute awareness of the under-supply in the market.

There is a significant amount of space in the pipeline reacting to this, meaning there will be lots of space for tenants to choose from as Murphy’s Yard is brought to the market.

A particular unique selling point for Murphy’s Yard is its proximity and good transit into Kings Cross and the Crick Institute. As mentioned above, the Crick is the principal cluster in London and the place where most practitioners would prefer to be located. However, the Crick has a unique method of operation. Researchers submit applications to work there and if successful are granted a maximum three-year stay at the Institute. Once this has ended – or once a commercially viable product is developed – the applicant must leave in order to pursue that product.

This means move on space to Murphy’s Yard has the potential to be an appealing and more viable location to young, growing businesses that cannot afford to be in Kings Cross but still want to be located close by, some of whom may have left the Crick either due to their three years ending, or to develop their product commercially.

The Royal Free is approximately 1.2 miles from Murphy’s Yard, which could provide R&D and office space for practitioners from that hospital, at the same time acting as a stepping stone between the hospital and the Life Sciences quarter at Kings Cross.

We are confident that co-location between life sciences and light industrial will be are highly complimentary, and we are confident that this will be a significant opportunity for the scheme.



Francis Crick Institute

13. HEALTHCARE

HEALTHCARE

Background

This section has been prepared having regard to known demand and anticipated future requirements for the provision of Healthcare services into this location in London Borough of Camden and Greater London.

Plans for delivery of Healthcare have had to be radically readjusted at short notice, to cope with the treatment of the Pandemic and the subsequent vaccinations programme, understandably taking total priority. Notwithstanding, the requirements identified below all emanate from the NHS and are known to be requirements, based principally on the enforced relocation of services.

Demand is difficult to ascertain in terms of NHS healthcare requirements at any time, but especially so during the sustained period of the Pandemic. Plans for delivery of healthcare have had to be radically adjusted to cope with the treatment of the pandemic and subsequent vaccinations programme understandably taking total priority.

Set against this backdrop, we have seen the introduction of a White Paper issued last month by the Secretary of State for Health indicating that Healthcare would move more towards an integrated care network or system. The likely impact is to heighten the demand from the NHS to provide additional and supplementary services especially having regard to the enormous backlog of procedures delayed, deferred or postponed due to the impact of the Pandemic over the last 15 to 18 months.

The Pandemic has highlighted significant shortcomings and deficiencies in our National Healthcare provisions, capacity and capabilities. These range from a shortage of intensive care beds, through to a shortage of overnight stay capacity, diagnostics, vaccination and testing facilities.

Murphy's Yard is conveniently sited in the midst of the London Borough of Camden in close proximity to the Royal Free Foundation Trust Hospital and is thus well suited to the dispensing of future healthcare provisions, particularly in the case of lower acuity requirements.

The successful collaboration between public and private healthcare service providers has been one of the better outcomes of the Pandemic. This has been evidenced by the positive comments made by the Secretary of State for Health and the leaders of the private healthcare providers in the UK working with the NHS.

The delivery of healthcare should be considered in the context of a Community's needs and the deficiencies / shortcomings of existing provisions. In this regard the report published in October 2019 entitled The Independent Review of Adult Screening Programmes in England, prepared by Professor Sir Mike Richards, highlighted inadequacies and shortcomings of our Diagnostics and Imaging provisions in the UK. Amongst other facts the report highlighted that in 2017/18, 8% of women waited more than 3 Years (36 months), between breast screening appointments.

If women are made to wait as long as, or longer than 36 months between screens, the risk of cancers developing and presenting symptomatically increase. The report highlighted that as a nation we rank 23rd out of the top 24 OECD Economies in the provision of Diagnostics. Put in a more domestic context, we need to double our National Diagnostics capabilities and capacity over the next 5 years.

It should be noted that Central and North West London FT is re-tendering a Diagnostics Contract to a Private Provider, Healthshare, for delivery in 2023 onwards for the NHS. Ipso facto, identifying a need, a shortcoming in existing service provision and a solution, whereby Public and Private services combine to the benefit of the community.

Whilst the NHS does not publish a list of active Property requirements through NHS Property or other NHS channels, guidance as to future requirements is best garnered from Strategy Reports and Reviews, such as those outlined above.

For example, we know from data publicly released in March 2021 that over 70,000 children and young people have a diagnosable mental health conditions that require access to treatment, that they are not presently receiving, representing a increase of over 35 % over the last 5 years.

Existing Supply

For clarity we are defining Healthcare Property and the supply thereof as uses permitted under Class D1, being Clinics (now defined as being within Class E) together with C2 facilities, being overnight Institutional stay facilities.

We have identified the existing supply of healthcare properties or consented schemes across Camden that would be relevant to the site. Given the enormity of the request having regard to the scale of Greater London, we have focused on the London Borough of Camden being the appropriate Borough. NHS Property Services advertise only 1 unit in Hunter St, NW1 as being currently available in Camden.

We have assessed the supply of consented healthcare properties within Camden; it is extremely limited. Our research of the planning records has revealed three major consents referred to below. The locations are depicted in a plan attached as an addendum to this report.

It is not however the case that all of these schemes are guaranteed to be delivered or indeed that they will all be occupied by the NHS. Recent work undertaken by Laing and Buisson indicates that of the Health services consumed by the NHS in 2019, 16% were provided by the private sector under direct and indirect contract to the NHS.

HEALTHCARE

Due to the capital required and employed in the delivery of healthcare being exceptionally high, it is likely that this figure will not change dramatically; it is most likely to increase due to the urgency of resolving the backlog of cases, post Covid 19.

In short, working to national Tariffs, the private sector has supported and contributed to the NHS service provision and will in our opinion continue to do so for the foreseeable future. Indeed, we consider that this contribution of service provision will but only increase due to the increasing costs of technology, rapid evolution and changes in technology, together with the ageing population adding to increasing pressures on the delivery of services by the NHS.

Having regard to the existing supply, we would make the following observations on the three major consents outlined below.

70-86 Royal College Street, London NW1

We have been closely involved with the advice on the development and letting of the above. The building has been designed with specific regard to the requirements of Quality Trusted Solutions (QTS), on behalf of Central & North West London Foundation Trust (CNWLFT). Their proposed use is for geriatric rehabilitation but thus far, have been unable to sign a Lease.

The UCHL Eastman Dental Hospital

The project has arisen as a result of an earlier asset disposal by the NHS and this represents a replacement Dental hospital.

Arthur Stanley House

This is a property held by the University College London Charitable Foundation. The building which we have inspected was previously used for orthopaedic . rehabilitation but is generally unfit for purpose and is thus subject to mixed use redevelopment. This is in keeping with the location of the property, some distance from the UCLH.

In summary, the use and occupation of the three major consented schemes are effectively already determined. Thus, there is no obvious and conspicuous supply of deliverable healthcare accommodation in Camden.

Current and Anticipated Demand

There is little in way of statistical support to gauge demand, latent or actual for Healthcare space in the Central London property market. Historically, D1 and C2 Healthcare space was seldom provided for within the local authority plans. In addition, the NHS demands, and requirements were frequently unknown to the general property market. To the best of our knowledge there are no statistics published which cover the NHS and private markets, that are publicly available.

Healthcare real estate demand is a response to societal needs, changes and political/governmental impetus bearing in mind the majority of our healthcare is delivered directly or indirectly through the NHS.

On 2 October 2020 the Department of Health & Social Care formally confirmed the Prime Minister's election pledge to expend £3.7 billion on 40 hospitals in the biggest Hospital building programme in a generation. These are to be delivered by 2030 and there is likely to be a further 8 schemes. This announcement in the form of a Health Infrastructure Plan (HIP) is a major hospital building programme in a general and was initially launched in September 2019 with a £2.8 billion investment that gave funding to 6 new Hospitals.

These included the Moorfields Eye Hospital and UCL Institute of Ophthalmology to be re-developed in Camden, coming from the City and LB Islington. It also included the redevelopment of the Hillingdon Hospital, North West London where a number of the Central North West London FT facilities are to be found. Other London projects included the rebuild of St Mary's Paddington and Hammersmith Hospital, together with floor by floor refurbishment of Charing Cross Hospital.

Beyond the NHS, medical charities continue to respond and work in support of Healthcare needs. Amongst others the Imperial Cancer Research Fund work closely with Hospitals and research institutes in Camden including the Crick. A wide range of other Medical charities are working closely with the Royal Veterinary College, the Royal Free and UCLH.

As regards more localised demand, we have previously highlighted, but schedule below specific known requirements. These are:

- Geriatric rehabilitation, 60,000 to 80,000 sq ft for Central and North West London Foundation Trust
- The Mary Wilson Dialysis and Renal unit, 20,000 to 30,000 sq ft for Royal Free FT,
- A community healthcare hub 20,000 sq ft Camden and Islington.
- A Fertility clinic 10 - 15,000 sq ft
- A Diagnostics and imaging unit 15,000 to 20,000 sq ft for Central and North West London Foundation Trust.

As indicated, these requirements arise largely as a result of enforced relocation from St Pancras Hospital and from a shortage of capacity and fitness for purpose, of the existing facilities, particularly with regard to Diagnostics. We are mindful that LBC consults regularly with the local CCG, but will not necessarily be aware of NHS London, or broader NHS requirements and future development plans.

Regarding medical research requirements, again these are reactive to the needs and demands of the Healthcare and Life Sciences together with the availability of investment. It is however known that the Crick Institute requires additional space and has no surplus capacity within its existing facility.

Similarly, the Wellcome Foundation, the British Library and the Royal Veterinary College are all seeking additional research capability and capacity in Camden.

HEALTHCARE

With GSK recently moving 100 Scientists into Kings Cross, to further their research and capability in AI for Healthcare, this is further evidence of the suitability of Camden for Healthcare.

If Healthcare building and capacity, cannot be delivered in an appropriate and cost-effective manner within LB Camden, these Organisations have the ability to develop elsewhere either in their own right or in conjunction and partnership with other Institutions and Centres of Healthcare including other Boroughs in London, Oxford and Cambridge.

Demand Known Factors

Strong demand for healthcare real estate provision in London including the Harley Street medical Area, the Camden and Guys and Thomas' campus in Lambeth and Southwark et al, evidence private and public-sector demand outstripping supply. Whilst there may be capacity in terms of consented schemes, the reality is that demand is long dated and supply is traditionally slowly to respond, due to the complexities and costs of developing healthcare real estate in Central London.

Notwithstanding, we have highlighted above NHS demand in Camden and are aware of significant demand from the global private healthcare sector. The consent granted at Acorn House Marylebone to Merck SD for 200,000 sq ft of healthcare and life sciences development is ample evidence of demand in Camden.

Other private Operators currently seeking facilities in Camden include Healthshare and HCA. From our experience we expect this demand to increase, having regard to the Global standing of the Knowledge Quarter which is firmly embedded in LB Camden.

Broader Healthcare demand across London includes several US Hospital operators and research centre: Johns Hopkins, Cedars Sinai, the University of Pennsylvania and the University of Pittsburgh amongst others.

Equally, the supply pipeline in London includes the King's College / Guys / Thomas' campus together with aspirations for development at Whitechapel and North Quay Canary Wharf, amongst other locations. We do however foresee the immediate demand, relevant to Murphy's Yard, being localised and focused on community Healthcare needs in Camden, against a backdrop of Global operator interest. The services will be largely provided by the local Foundation Trust including North West and Central London, the Royal Free and UCLH.

To be able to pin down specific demand and to an extent future supply in the immediate area does rely upon knowledge of schemes in the planning pipeline. To the best of our knowledge, there are no immediately significant Healthcare developments planned for the Camden area, out with Murphy's Yard.

The Pandemic has completely altered attention and consideration towards the provision of Healthcare and Life sciences in Central London. Local Authorities, Investors, landowners, property owners and operators are all seeing a significant surge in interest from the entire Healthcare and Life sciences sectors. Murphy's Yard in the heart of Camden is uniquely positioned to appeal to a wide range of healthcare services and providers, in what is a deliverable development opportunity.

Demand for Healthcare services and facilities are likely to be reconsidered across the whole spectrum of the delivery of Healthcare, following the Covid 19 Pandemic. For example, the longer term provision of more permanent Vaccination and Antibody Testing facilities will undoubtedly come to the fore over the next 12 months, together with associated Laboratory space.

The present Temporary arrangements are largely unsustainable and in many case unsuitable as long term solutions, especially in the densely populated Boroughs of Central London. These boroughs including Camden are more closely associated with a transient population than the provinces.

Appropriateness of providing Additional Healthcare in Camden

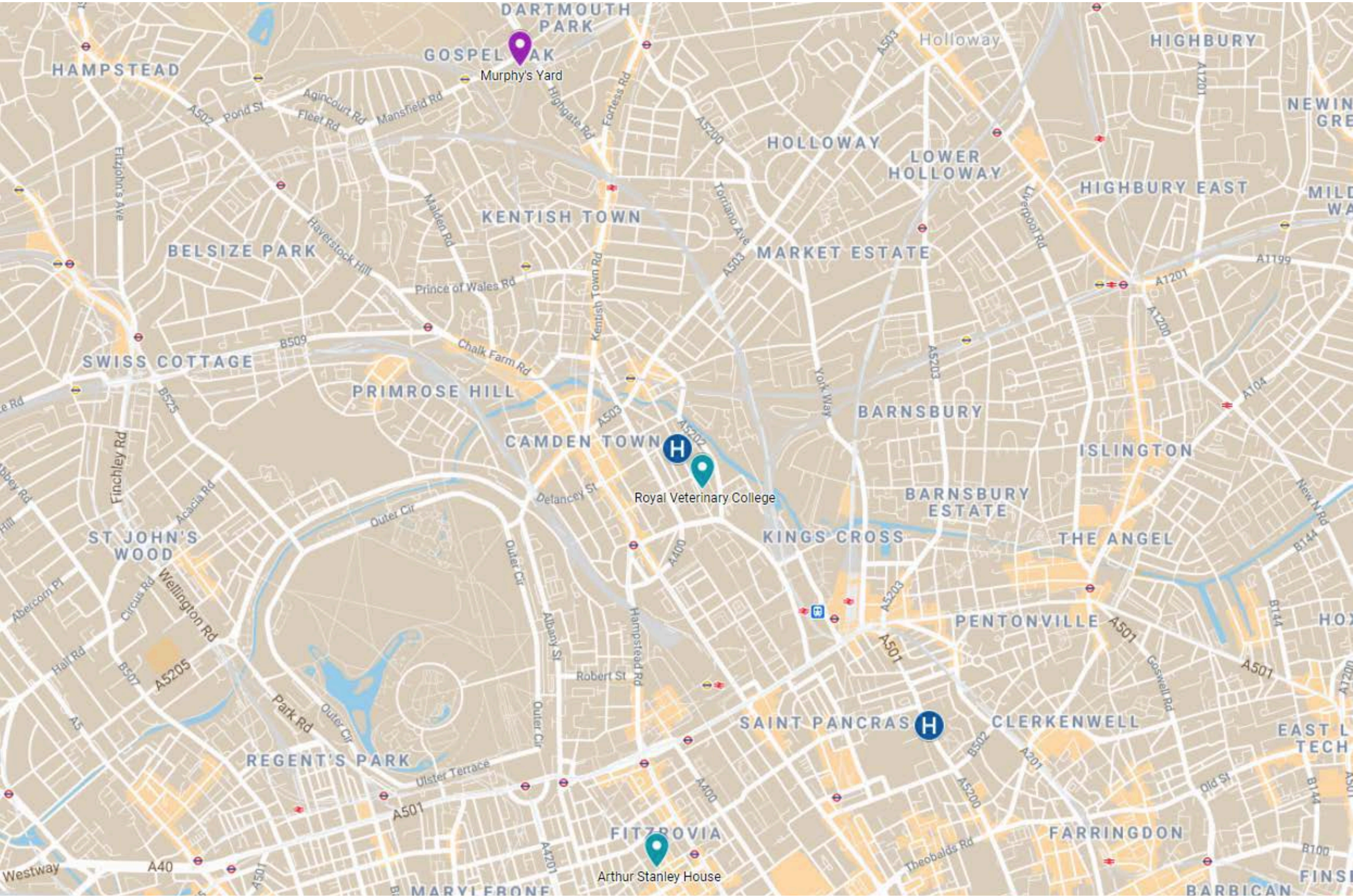
Aside from the issues arising from the Pandemic, more Healthcare facilities are needed in the Borough, for more deep seated reasons. There are significant problems relating to various longer term Healthcare conditions in Camden. These include sexually transmitted infections (STIs). STIs in the borough, are reaching levels well beyond the national average. Although the Council has allocated clinics to deal with this issue, the problem persists and is increasing.

In addition, Camden scored significantly below the average in England in a number of healthcare areas and conditions beyond STIs including Diabetes, Cardiovascular disease and new cases of TB.

Furthermore, the general wellbeing and life satisfaction of residents in the area is a cause for concern. The self-reported life satisfaction in Camden in 2019 / 2020 was estimated to be 7.27%, below the London average of 7.54% and UK average of 7.66%. Camden has been consistently below the national average on this measure. In terms of a level of 'happiness', people in Camden (7.05) were less happy than the national average (7.48). There are many factors which contribute to this low wellbeing, such as low-income households, the increase in crime rates, social deprivation and access to different types of free Healthcare.

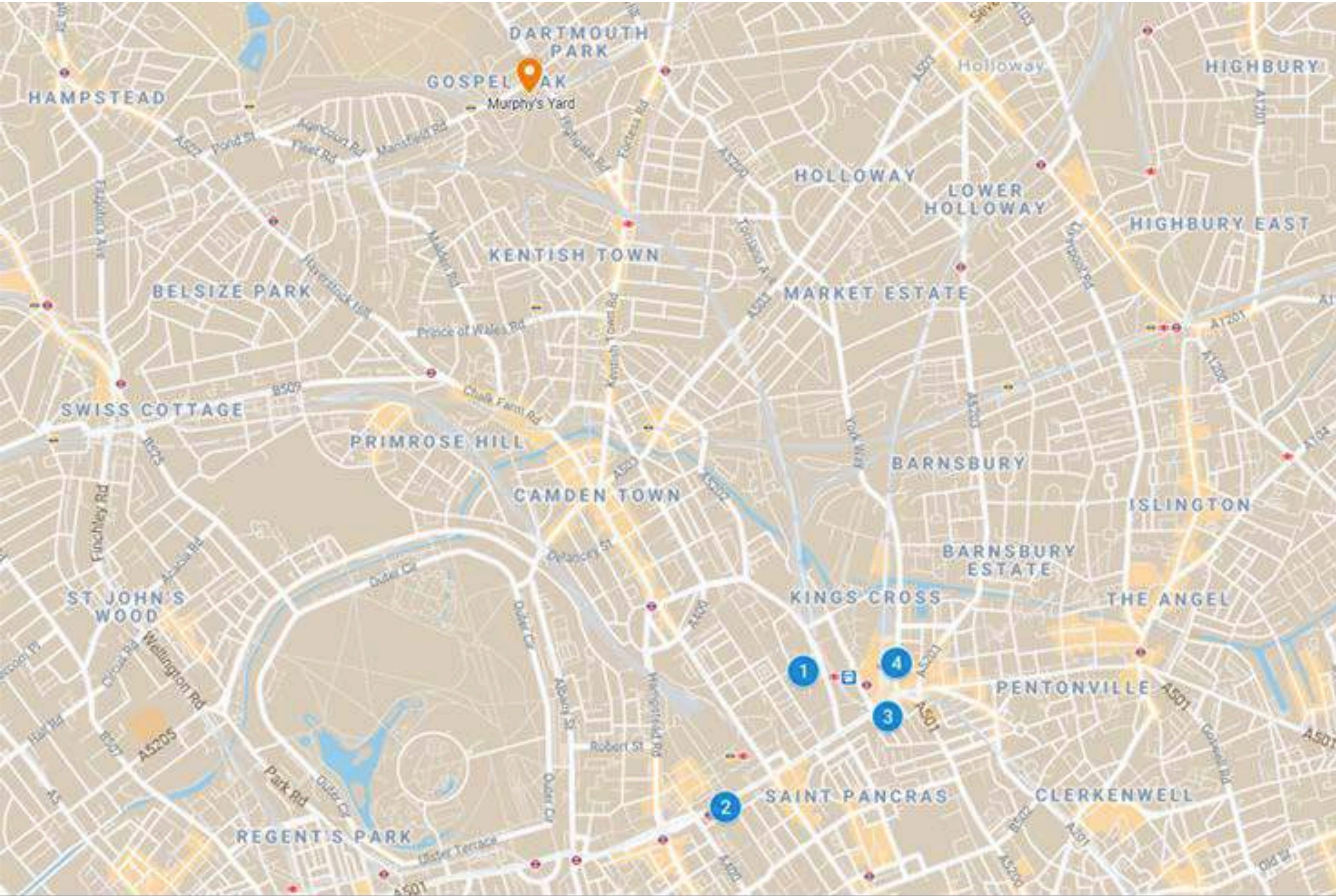
Summary

By any reasonable criteria, be it current NHS requirements, locally recognised healthcare issues or wider demand and supply challenges, it is evident there is a known and proven need for increased and enhanced healthcare provision in LB Camden. As highlighted the Pandemic, can but increase these needs and demands, whilst causing a mounting increase in waiting lists and deferred treatments. In our opinion and against this backdrop, the location of Murphy's Yard and its accessibility, strongly indicates that the inclusion of Healthcare in the Master Plan is important to the needs of the Community, now and in the future.



MAP SHOWING
CONSENTED
HEALTHCARE SCHEMES

Key:
H – 70-86 Royal College Street, London NW1
H – The UCHL Eastman Dental Hospital project



MAP SHOWING
KEY LIFE SCIENCES
OPERATORS

Key:
1 - Francis Crick Institute
2 - The Wellcome Institute
3 - The New Merck SD
4 - GSK AI Hub

14. AFFORDABLE WORKSPACE

AFFORDABLE WORKSPACE

The Murphy's Yard scheme will generate up to 3,000 sqm (32,291 sq ft) GEA of affordable workspace to support the start-up and small business community in the Borough and provide space that is flexible and accessible to early stage businesses that need help at the beginning of their business journey.

The 3,000 sqm (32,291 sq ft) equates to 6% the total quantum of commercial space that is an uplift from the existing floorspace provision that is currently located on the site. The space will be split equally between office space and light industrial / maker space to ensure that affordable space is available to all types of business sector that qualifies and may wish to be based at the development.

Folgate are keen that the affordable workspace benefits small businesses in Camden and that the space is leased to those businesses that genuinely need support. Folgate propose that the affordable workspace is available to businesses already within the Borough of Camden, in order to retain and support existing businesses, and/or businesses who have a director who is a resident in the Borough, to offer affordable opportunities for workspace to local people to support residents to be able to work and live within the Borough.

Folgate is also keen that the space benefits a diverse community of people that reflects Camden as a Borough.

Folgate have not made a decision as to whether the space will be leased to an affordable workspace provider to manage or whether the space will be leased directly to local businesses that meet the affordable workspace criteria.

A decision on the direction will be made closer to completion of the new buildings, but Folgate have set some guiding principles to inform the decision making process and help to ensure the affordable workspace has a major impact on creating a sustainable and dynamic business cluster that provides genuine support to early stage local businesses.

The space should offer flexible terms and conditions to new businesses including:

- Affordable rent deposits
- The ability to scale up and scale down in unit size within the development as the need arises
- To provide space that is ready to lease and has minimal fit out costs
- To monitor take up of affordable workspace by ethnicity and provide access to this data to Council and key stakeholders as required
- Additional business support for hard to reach ethnic minority communities that struggle to lease workspace based on monitoring

As well as supporting early stage and start-up companies it is recognised that local businesses that are growing will need flexible "move on space" to support their ambitions to grow and scale up with lease terms that are flexible and support businesses that are growing quickly.

The affordable provider or the local businesses in return for accessing affordable space will be expected to work closely with the Borough and the local community to support activities that encourage employment and skills, volunteering and mentoring.

As part of any lease agreement Folgate will want to see a proposal that incorporates:

- Offering newly created jobs initially to local residents first
- Creating local apprenticeship opportunities
- Supporting mentoring opportunities for young local residents
- Supporting local volunteering programmes
- To pay the London Living Wage
- If a workspace manages the space FM jobs are initially offered to local residents

The incoming businesses or affordable providers will have to provide a supporting statement detailing how they will work with key local stakeholders to signpost and ensure that these important opportunities are captured for the local community as part of any future lease agreement.

15. ESTATE MANAGEMENT

ESTATE MANAGEMENT

Murphy's Yard is an exciting and significant development for Kentish Town and the wider Camden area, which will have a transformative affect locally. Folgate Estate's vision for Murphy's Yard revolves around the delivery of a high-quality mixed-use development, from the development process right through to post-completion and beyond.

Alongside the delivery of high quality architecture, landscaping and tenant selection to create the highest possible standard of space, the Folgate team will require an equally high quality maintenance and management programme to uphold these standards, alongside the safety and security of the built environment.

In order to ensure this is the case, a comprehensive estate management plan is currently being prepared, which will be in place prior to the commencement of the development.

This will be a detailed document that seeks to ensure the requisite standards are met across the estate in the short, medium and long term, across the following areas:

- Repair
- Maintenance and decoration
- Facilities and utilities management
- Security
- Health and safety requirements
- Audit and insurance structures
- Tenant management

Murphy's Yard will comprise a varied mix of uses upon completion. Typically when creating an estate management plan for a mixed use development such as this, various bases of service charge will be adopted and administered by the overall estate manager, who will have the appropriate financial, legal and property functions; an approach that Folgate are keen to administer at Murphy's Yard. This estate management function and public realm maintenance will either be exercised by Folgate directly given its continuing investment in the project, or will be contracted to a specialist following an appropriate and comprehensive due diligence process.

Positive covenants will be consistent across the development to enable the high quality of the environment to be maintained; in instances where there are voids, or where there is failure of delegated responsibility to owners and occupiers, those with overall estate management responsibility will undertake the required works and retain rights to implement these works respectively.

Folgate will ensure the management is development focused yet also outward facing into the community and other relevant groups, in order that there is continuity not only within the development but in a broader context. The asset managers will be expected to be actively involved with this wider community and relevant groups; building upon the current local involvement by J Murphy and Sons.

The significant investment in this project from both a financial and reputational perspective by Folgate Estates and J Murphy & Sons, means both parties have and will retain into the future substantial interest and incentive to maintain the quality of the buildings within the estate, the public realm, and the legacy of the estate through proactive, holistic management.

The Estate Management function will work with Gospel Oak Job Hub and LB Camden to promote and enable local employment opportunities with the businesses on the site. The Estate Management team will act as a conduit for communicating and introducing Gospel Oak Job hub to businesses on site and as the main point of contact to communicate training and employment opportunities, job fairs and other events. The Estate Management team will arrange introduction sessions for Job Hub and the businesses on site to be aware of the Job Hub's functions and the work they do and for the Job Hub to be aware of skills need and to work with the businesses on projection of future skills need, in order for the Job Hub to have the best opportunities to be able to place local people for these jobs.

16. A POST COVID-19 SCHEME

A POST COVID-19 SCHEME

Overview & Introduction

Covid-19 has significantly disrupted all sectors of the economy for the past year; accelerating long term shifts and creating structural changes that will persist for years to come. How sites such as Murphy's Yard respond to and address these changes will play a major factor in their success regarding placemaking, activation of external and internal space, and of course their financial returns. Landlords and occupiers will need to increasingly work in collaboration to deliver office, retail and logistics space that is very tailored to the needs of end users.

In the office sector, expect a rapid transition from delivery of just "the physical box" to a step change in the services the landlord provides. Landlords will be required to utilise technology and best in class customer service to substantially raise their offer to occupiers. The planning system's new "Class E" classification should also boost landlords' ability to quickly pivot the use of space so it is most relevant to customer needs.

During the lockdowns of 2020-2021, we have seen a significant boost in the amount of shopping taking place online across all sectors, with the increased burden this placed on the supply chain and distribution networks requiring service providers to adapt, take on additional space to increase storage and distribution capacity, and thus putting downward pressure on vacancy rates around London, pushing rents up and yields down. We expect this trend to continue into the future, meaning logistics will remain a valuable real estate sector longer term.

Beyond the traditional markets discussed above and looking longer term, data centres and life sciences/ healthcare.

Offices/ Business Space

Cultural shifts have been seen clearly in the office market in response to the pandemic: a large proportion of office-based employees have been working from home, negatively affecting the office leasing market. We consider it unlikely that organisations will see sustained remote work at current levels however, as there are clear downsides to this approach to working, from businesses' difficulties imprinting positive corporate culture, employees feeling they have fewer opportunities to learn and socialise, and difficulties for businesses that rely on innovation, knowledge sharing and creativity to generate value and revenue.

In response, we would anticipate either a reversal of the recent trend towards densification, in which businesses have been absorbing less space per employee, or at a minimum an arresting of densification, leading to an increase in practices allowing for distancing, such as agile working, rotating shifts and a decrease in density of users within an office space in order to allow for more space per person.

This reversal of densification could be an important factor for the letting market moving forwards. The effect of companies needing more office space per person to permit social distancing could go some way towards negating the reduction in workforces in the office at one time resulting from an increased acceptance of working from home as a viable alternative to the office, thus helping keep overall letting of space stable.

Future offices and the spaces around them will likely evolve as a mix of traditional office spaces, home offices, and semi-public spaces. Murphy's Yard has the opportunity to be one of the first of the 'Post-Covid' working environments, in which the concerns of the modern office and its users can be addressed in a large open space, away from – but still in close proximity to – the traditional condensed office centres.

Retail & Logistics

Uptake of shopping on digital channels has more than doubled in many categories during the pandemic. This move away from the high street towards online shopping is a continuation of a wider trend that has been putting pressure on much of the UK's retail sector for a number of years, but it has nonetheless been significantly accelerated by the pandemic, further damaging a retail market that was already struggling.

Grocery, a Covid-categorised 'essential retail', has seen online sales double, although in-store has retained a large share of the market. We would expect the move to online grocery shopping to remain in some demographics – particularly those who have the luxury of continuing to be able to flex their schedules to be at home when delivery slots are available.

For other items, like fashion, people are now so used to buying items online in a way they were not previously, and the services have often improved due to necessity in such a way that there is a risk these spending habits are retained post-pandemic.

On a more positive note, another cultural shift has been initiated in part by Covid, with shopping habits changing in other ways beyond the shift online. There has been an increased focus on smaller, independent local businesses: with people spending more time where they live and travelling less there has been an increased desire to support local businesses, with many people looking to support independents that they value as part of their local communities. We expect this increased interest in local independent businesses to continue longer term.

These shifts will likely benefit Murphy's Yard, with its proposed mix of independents and attractive landscaping coupled with the convenient location creating an experience-led location.

17. LEASING STRATEGY

MARKETING & LEASING STRATEGY

The scheme will need reasonable level of investment in the marketing of the scheme and the creation of a commercial marketing narrative that strongly communicates the offer.

It cannot be a case of just putting up agency boards and waiting for tenants to turn up. This scheme will require a pro-active approach to curation through directly approaching businesses about the opportunity as well.

We will produce a multifaceted letting strategy to promote the development using both traditional and innovative marketing tactics. This will include the production of particulars both online and in printed formats and event-based activations, to generate excitement and interest in the project. We will also use social media channels and direct targeting of potential tenants through our extensive networks.

We will also identify and approach key local business stakeholders such as:

- Local businesses forums and associations
- Chamber of Commerce
- Local Council inward investment teams
- Sub-regional business forums
- Local business leaders
- Local Councillors
- Key local business influencers and entrepreneurs

All of the above detailed stakeholders have a wealth of local knowledge and understanding of the local business community and often have serious leads and local intelligence on potential requirements.

During the leasing campaign we will regularly undertake detailed research of the current retail, leisure and makers market in the local area and the wider sub region to understand the current level of demand in the Borough.

Canvas Local Occupier Demand

A key part of the strategy will be to focus on talking to businesses in the surrounding local industrial and business estates in the wider area and sub region especially approaching those in substandard accommodation and trying to find businesses on non-secure or short-term lease agreements to offer them better terms and conditions in new better high-quality fit for purpose accommodation.

Target Market

In our experience our target market for Murphy's Yard will predominantly be start-ups and SME businesses that will be small in scale and roughly between 1 to 9 or at the smaller end of the small business designation of 10 to 49 people in size and medium sized enterprises of up to 249 people. In certain sectors there will requirements from larger occupiers, which will be important in creating a dynamic ecosystem to attract the smaller businesses.

A lot of leasing to the small business community is through word of mouth and we will need to make sure we are fully utilising our list of key local stakeholders and to ensure that agents are fully incentivised to secure tenants.

If the scheme follows the current direction of travel we will have three targets markets:

- Start-ups and micro businesses: 500 sq ft - 5,000 sq ft
- Small businesses within SME sector: 2,000 sq ft - 10,000 sq ft
- Medium businesses within SME sector: 10,000sq ft +
- Workspace Provider/Single Occupier: The whole commercial footprint



MARKETING & LEASING STRATEGY

ERV and Incentive Packages

We will agree a defined approach to offering rent free / initial low rent periods along with other packages and incentives to make the scheme as attractive as possible to potential occupiers. This will also be dependent on the quality of space and architectural design. This will need to be included within the marketing particulars.

It is our view rent free periods should be one month for every one year term certain on white box and between 9 months to one year for shell and core standard.

Flexibility on lease terms is critical and will be important for attracting businesses to the area. This will include providing information on the following:

- Flexible terms on lease lengths
- Sensible and flexible break clauses
- Good rent incentives and packages for incoming tenants
- The ability to both scale up and downsize where appropriate and available
- Reasonable level of service charge
- A coherent management plan to manage the whole development

Workspace Provider Option

As well as traditional leasing options there is also the option of disposing of the entire space to a workspace provider who will then fit out, subdivide and lease the space.

Brand Identity and Narrative

It will be important to work closely with Murphy Group to develop a brand identity and a narrative for the development. Increasingly businesses seeking new commercial space want to be part of a story and feel a sense of belonging to a brand and a place. This is becoming increasingly important particularly for small businesses and start-ups in the UK's new economy.

A commercial place shaping strategy will be critical, increasingly industrial and maker businesses are keen to be part of a buzzy urban community rather than the usual industrial parks in the area. The scheme presents the perfect opportunity to capitalise on this shift in business requirements and demands to create the kind of setting these businesses are looking for. The marketing narrative should also talk about the wider renaissance of the Borough focusing on key schemes in the area as well.

A further important factor in today's market is for the neighbourhood that is being created has lots of high quality open and green space and a series of amenities and facilities. We increasingly find that businesses are very concerned about their carbon footprint, the sustainability of the development and whether the scheme has factored in key issues such as health and wellbeing.

Increasingly these issues are on the checklist for businesses looking for new space. All of these issues are key factors that industrial estates and traditional business parks can rarely compete with. If the scheme also incorporates high quality facilities such as public Wi-Fi, good quality cycle storage and a level of car parking this can often sway the decision-making process for a business looking to let a new space.

Connectivity

It will also be critical to promote the benefits of local connectivity and highlight the travel time to key business locations in central London such as:

- Oxford Street
- Key Airports
- Shoreditch and City Fringe
- Liverpool Street
- Bank
- London Bridge
- Victoria
- Kings Cross
- M25 and Motorway Network

MARKETING & LEASING STRATEGY

Key Messaging

It is our view that the key themes of the campaign will need to be:

- The regeneration of Camden and growth as business location
- London’s New home for Makers
- Plug and Play ready to move in
- A range of different sized units

Events and Activations

As part of the marketing strategy we will organise a series of events and activations to engage potential tenants. This will be an important part of the marketing strategy to get these businesses on site to see the full potential of the development and commercial spaces.

Website

It will be critical to build a purpose built professional website and not just buy an off the shelf go daddy type site. The website and social media will be the first points of engagement for many potential tenants and we need to demonstrate the quality of product with a high functioning quality website. Where possible the website should be built with sufficient capacity to incorporate any CGI, video, drone footage and make the site as exciting and interactive as possible. The website should also contain a high level of content including Thought Leadership and details about the scheme including site plans of the various unit sizes and specification and the wider narrative about the visual identity, the scheme narrative and the various services and offers within the building. The site will also need to include data and details about the wider regeneration of the Borough and the vision for the regeneration of the area.

Social Media

It will be important to have social media channels for the development and to build a loyal following of interested parties. Twitter as a medium is not always the most positive forum for engaging people but is still a good place to communicate with the type of businesses we want to attract and to communicate with local people about the scheme. Instagram is a much more positive forum and utilising high quality photography and CGI’s of the scheme and will attract a decent following and provide a platform to share our key messaging. We will also use LinkedIn particularly any parts of the team that have large and diverse followings to provide a further platform and more importantly free messaging about the project. Where possible we should again use our thought leaders and pre-let tenants to lead the messaging as this is much more likely to cut through and reach the audience we need to communicate with.

PR

It will be important to try and maximise PR in key targets publications particularly those that might attract end users. However, it will also be useful to build up PR coverage in property publications. The target publications will be:

- The Evening Standard
- Co-Star
- NLA
- Architects Journal
- Property Week
- Estates Gazette
- Local publications

Brochure

It will be important to create both a physical and digital version of the brochure to provide leave behinds for agents to use when speaking with potential tenants.

With the product we are creating being so innovative it will be important to ensure the quality of the brochure meets the standard we are delivering with the building. Industrial and maker space marketing has traditionally set a low bar and we have a chance to create something interesting that people will want to look and touch and will create a buzz.

This will require great photography and CGI’s and high quality written content wrapped within a great brand narrative and visual identity.

Database

It will be important to gather a database of potential end occupiers particularly as there are so many businesses on industrial estates or within industrial buildings that will need to move over the next 2 to 3 years. Gathering this data is just as important as the brand identity and narrative and will provide a key source of potential tenants particularly with the scarcity of product in London.

The following information should be gathered:

- Business Name
- Business Owner
- Sector
- Contact Details and Address
- Website
- Twitter
- Instagram

18. CONCLUSION

CONCLUSION

Industrial

Stacked industrial is a new concept for London and consequentially we are seeking flexibility in order for these buildings to come forward and be delivered speculatively.

- It is recommended that regular soft market testing and market-facing discussions are undertaken throughout the scheme’s evolution, working closely with potential occupiers to test the product and refine the scheme where necessary. In particular, management and operational considerations should be monitored to ensure occupier preferences are delivered within the final detailed designs.
- We expect smaller scale light industrial to succeed and thrive at Murphy’s Yard, given the need for follow on space at Highgate Studios and from tenants elsewhere, the ageing nature of much of the Borough’s industrial inventory and the loss of industrial stock elsewhere in London as a result of repurposing projects to alternative uses. The industrial market is growing; particularly the number of SME’s requiring space to meet modern business practice.
- This site is in a good location to test some newer concepts such as dark kitchens and vertical farming, both of which will work well in a mixed use environment, with the latter having the potential to positively contribute to the local community’s food production and food education.
- The affordable workspace should be a mix of industrial and office space split equally between both uses if possible.

Office

- Murphy’s Yard offers an opportunity to provide much needed, fit-for-purpose graduation space for Kentish Town. Whilst the start-up ecosystem remains robust, the ability for high-growth, mid-sized businesses to scale and move through the various stages of evolution into Growth and Established stages and remain within Kentish Town is almost impossible.
- Due to the incredible on-site experiences created by the Murphy’s Yard scheme, it is likely we will attract SME’s from a variety of sectors but workspace demand is most likely to come from the creative and technology sectors.
- We would anticipate demand for an initial anchor (potential pre-let) for a quantum of space of c. 30,000 sq ft and thereafter the focus should shift to occupiers of c. 5,000 sq ft and upwards and be accommodated on split floors. Plot F also provides a good opportunity to accommodate affordable workspace on the ground floor, divided into small units.

Life Sciences

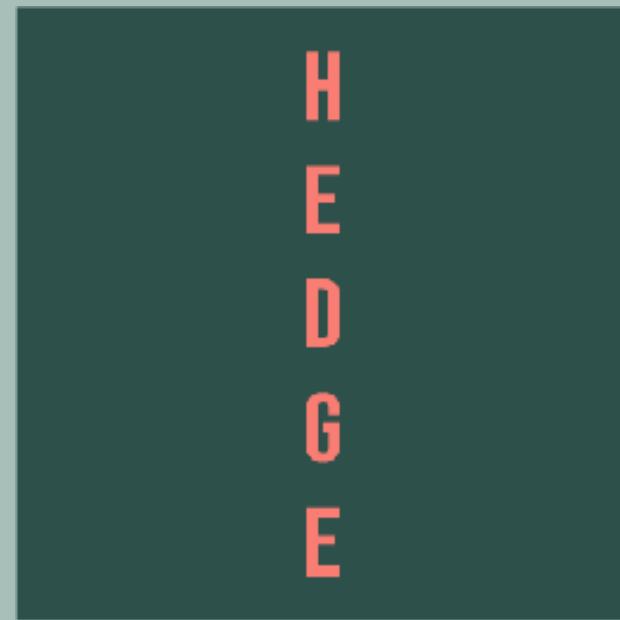
- Because of Murphy’s Yard’s favourable location, it has a potential USP: if space can be delivered that can be used as an “incubator” location for new life sciences businesses.
- Life sciences would be pioneering in this location, creating significant opportunity yet a commensurate degree of risk.
- The specification of the stacked industry buildings would be suitable to accommodate lab space and could work well alongside the light industrial within the building.

Healthcare

- Existing supply for healthcare is limited in LB Camden
- The Murphy’s Yard site is ideally located for a healthcare facility
- Needs for healthcare include geriatric rehabilitation, dialysis and renal units, healthcare hub, fertility clinic and diagnostics and imaging units.
- Discussions are underway with the CCG, Royal Free, QTS and St Pancras Transformation.

Retail and Leisure

- The philosophy for the retail and leisure component of the scheme should focus on creating a complementary offer to the existing town centre and a cultural offering for the scheme
- It is recommended the main focus of the offer is based predominantly on local independent food heroes and small chains, to provide a point of difference and attraction. This should include a reasonable quantum of outdoor dining space, which the existing High Street is largely unable to replicate.
- The proposed street food and market hall proposition provides a major opportunity to provide a central hub for the scheme, attracting footfall and a flexible food offer for visitors, residents and workers alike. This would have wider benefit to the High Street, providing a destination that complements the existing offer.
- The scheme should also provide convenience and amenity retail options, providing services for residentsat the base of the residential buildings in the north..
- The scheme also presents a major opportunity to provide the necessary space and conditions for curated events and activities, which will be important to reenergise the High Street as a vibrant and sustainable location, bringing new footfall to the vicinity



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