

Commercial Strategy

ECDC/
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We are creating a place the world will watch with wonder, on London's iconic site of human ingenuity.

Through our masterplan, we will reimagine the very fabric of living, working and urban wellbeing for London and future spaces.

Attracting the world's most inventive, imaginative and extraordinary minds.

That place is Earls Court.



Our four place pillars underpin our vision and set the ambitions for the place we want to create.



Foreword

After four years of deep consideration and collaboration with stakeholders and local people, The Earls Court Development Company (ECDC) is delighted to present the ambitious future plans for this iconic Site.

We formed in 2021 during the lockdown imposed by the first global pandemic in a century, an era which was both disruptive and formative, demanding that we reflect and reassess how we will be living in the future. There could be no more engaging mission for a team specifically assembled to design a place fit for the 22nd century.

As a team, ECDC shares a passion for transformational inner-city projects, and collectively have wide-ranging experiences from diverse international projects. Together, we are driven to fulfil the opportunities of this complex strategic site for London and rightfully put Earls Court as a place back on the global map.

Our intent from the very beginning, was to take a different approach to community involvement in shaping design. Setting up as a local business and being right next to Site everyday, working closely with both local authorities, the Mayor's office, local businesses and our neighbours has been fundamental in shaping our plans for the Site, which we believe are more relevant and exciting for it.

We have listened and taken huge inspiration from Earls Court's heritage, as a place that dared — to showcase, to entertain and celebrate the spectacular. A place that was so clearly cherished for being bold and brave, welcoming people from across the globe.

Our plans retain that innovative spirit that embraces future thinking — an approach we believe has become more important now than ever before. An approach that continues to drive

us to create a global exemplar of sustainability.

We understand our responsibility to deliver much needed homes and employment opportunities for London. Critical to achieving these aims is creating a place with personality, a place that once again becomes a destination with a broad cultural appeal and is fully inclusive to all that come to experience it.

The masterplan has been created to prioritise urban wellbeing and includes a network of Exhibition Gardens that will be open and accessible for everyone to enjoy. We're creating a pedestrian-first environment alive with daytime and evening active uses. This generosity of open space is evident at key arrival points as well as the unique Table Park and Lillie Sidings.

Our commitment to create a better piece of city has been evidenced over the last three years as we have welcomed over 500,000 people back onto Site to enjoy a programme of events that nod to the past and point to the future of Earls Court.

ECDC began with a mantra 'to make haste slowly' and ensure we took the time to both listen and appreciate the world of Earls Court, which helped to establish the early vision to bring the wonder back to Earls Court.

Now, after over four years of consideration, we are proud to present our hybrid planning submission to the authorities for determination — a key milestone to enable the future of Earls Court as a place, once again, to discover wonder.

Rob Heasman
CEO
The Earls Court
Development Company

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1.0 Executive Summary

Executive Summary

- 1.1 The most successful developments are mixed-use – they bring the life, excitement, buzz, and wider societal engagement throughout all times of the day that is a natural part of city life. They add vibrancy, job creation, and bring different groups of people to site, driving footfall and engagement for all businesses. More so than residential buildings, offices and workspace change over time, adapting to differing needs and economic scenarios, and layering a long-term richness to a place.
- 1.2 It is because of these wider benefits that developments containing a rich mix of commercial, residential, culture and retail uses thrive and grow, creating a unique sense of place benefiting all stakeholders – a deeper, more sustainable response.
- 1.3 The Earls Court Development is a rare opportunity to revitalise and reinvigorate not just the Site, but the neighbourhoods, the businesses, and communities in and around the Site as well – to provide a lasting, long term, sustainable, new piece of London. The Proposed Development is envisioned to have a national and global reach connecting with the growing network of international innovation districts, sharing, learning, and combating planetary crises. In this way, the Proposed Development will put Earls Court and West London on a global stage.
- 1.4 To achieve the desired success, the Proposed Development will require not only a variety of uses, but a rich mix within the commercial use itself. The theme of clean and climate innovation and skills forms a focus for the commercial sector – having a focus speeds advancement. This does not mean that all businesses must or will be based on this. It is an attractor that pulls in a diverse mix of types and scales, which in turn helps support a virtuous circle, leading to long term growth and resilience.
- 1.5 The proposed Development Specification sets out an allowance of up to 270,000sqm GEA of office floorspace, of which 175,000 sqm is in LBHF, whilst 95,000 sqm is in RBKC – 65% and 35% respectively. This disposition of quantity not only supports the relative focus of each borough through their policies and strategies, but also the physical location of the transport nodes – important for determining commercial cluster locations.
- 1.6 A short summary of the Earls Court Commercial Strategy is included within Section 4 of this document. The vision for the Proposed Development, ‘to bring the wonder back’ to Earls Court and the four Place Pillars include the following:
 - Nature – a celebration of nature and its ability to connect and revive;
 - Neighbourhood- an inspiring neighbourhood designed for all stages of life.
 - Innovation – a showcase for climate and Clean Tech innovation and skills;
 - Culture – a cultural ecosystem for the future of talent;

- 1.7 All four pillars support the desire to achieve a sum greater than the parts. The Place Pillars, in turn, are supported by and reflected by this Commercial Strategy for the Site. Each in turn have an importance and connection with the Commercial Strategy:
- 1.8 **Nature – a celebration of nature and its ability to connect and revive.**
Nature presents untold benefits to the health and wellbeing of ourselves and our planet. Amplifying its presence and fostering better connections with nature is our golden thread - creating diverse and generous spaces to play, meet, relax and for sanctuary, whatever the season.
- Access to nature and good quality open space was in demand pre-Covid, it has only grown in importance subsequently.
- Health and wellbeing are top of most staff requirements and therefore staff retention – a big driver for all commercial occupiers;
 - Ability to work outside, meet outside, play outside;
 - Work is no longer just in the workplace – it is anywhere with digital connectivity;
 - Rooftops and meaningful terraces are critical.
- 1.9 **Neighbourhood- an inspiring neighbourhood designed for all stages of life.**
The future of city living, creating a new urban fabric, a place where people want to visit but also stay and grow, whether to live or work. Reflecting the brilliance of London, Earls Court will be inclusive and accessible, allowing families, communities, businesses and social connections to take root and thrive.
- Both boroughs are losing the 25-to-45-year age group due largely to the cost of living.
- A good comprehensive housing offer will be attractive to occupiers;
 - Will assist staff retention and in a post-Covid world, encourage the 'back to office' movement;
 - Higher Education and larger companies (especially tech) increasingly need to provide accommodation to retain staff;
 - Companies of all sizes are having to fight the commute, allied with the cost of housing, makes a mixed-use development even more attractive;
 - Provides the richness of place, an urban part of the city.
- 1.10 **Innovation – a showcase for climate and Clean Tech innovation and skills.**
A new destination offering the scale, location and connectivity to create a home for a green economy, accelerating opportunities in a smart campus environment that supports startups, scale ups and multi nationals to collaborate and tackle humanity's challenges.
- The future is green: UK government targets two million skilled green jobs by 2030, yet there's no spiritual home for this growing industry. Here, saving the planet means a world of job opportunities.
- provides a clear focus for the ecosystem is proven to accelerate growth;
 - attractive to other sectors, delivering a wider scale and range of occupiers and tenants, providing depth and resilience;
 - close links with research & development, education, training, and sustainability;
 - complementary to White City;

- is a massive growth sector for the area, for London and for the country.

1.11 **Culture – a cultural ecosystem for the future of talent.**

Earls Court is synonymous with the power of culture, creativity and performance with a magnificent heritage of spectacle dating back to the 19th Century. The spirit of delight and discovery is re-emerging as the site once again is proudly stitched back into London's cultural map.

A great cultural offer will be a significant draw for office occupiers.

- Provides great amenity and places to meet and interact;
- 'Engineered serendipity' – there has never been a time when culture and tech have been closer;
- When allied with the retail and food & beverage (F&B) offer, it creates a compelling environment for occupiers;
- Creates a draw for wider networks – increasing footfall for the benefit of all.



1.12 The proposed Commercial Strategy aligns with both borough's policies and those of the GLA, which is covered in more detail in Section 3. Both Local Plans envisage employment uses playing an important role in the creation of a new mixed-use urban district with open space and other commercial and cultural uses. It aligns with key objectives of several of the relevant planning policies, not least of which are:

- The London Plan (2011) identifying the Site as being located within the Earls Court and West Kensington Opportunity Area;
- LBHF Local Plan Policy E1 (providing for a range of employment uses) states that the Council will support proposals including mixed-use schemes for new employment uses, especially

those that recognise the existing strength in the borough in creative industries, health services, bio-medical and other research-based industries;

- Furthermore, the policy advises that the Earls Court and West Kensington Opportunity Area is identified as being a preferred location for new office development above 2,500 sqm within the borough;
- The LBHF Industrial Strategy: Economic Growth for Everyone (2017) sets out LBHF's four priorities to firstly, transform Hammersmith & Fulham into a 'West Tech' hub, a global beacon for innovation and growth and a leading place for tech and creative businesses, education and research, with the aim of delivering economic growth for all, including supporting residents with high quality training;
- In 2023 the Council proposed a refresh of the Industrial Strategy. Initial proposals were presented in draft to the Economy, Arts, Sports and Public Realm Policy and Accountability Committee in March 2023. The refresh introduced four key themes:
 - Opportunity
 - Growth
 - Place
 - Inclusion
- LBHF is driving and supporting growth within a wider West London context by forming an Enterprise Board, of which The Earls Court Development Company (ECDC) is a member. This Commercial Strategy supports the Enterprise Board's initial priorities of 'Growing the entrepreneurs of tomorrow' and 'how to make LBHF the best place to do business in Europe';
- RBKC's emerging Local Plan Policy PLV2, and proposed site allocation seek a lively new urban quarter with commercial, cultural, and residential uses;
- Emerging NLRP Policy TC1 supports the establishment of a new town centre in the Earls Court and West Kensington Opportunity Area.

1.13 In the Autumn of 2023, information on the proposed Commercial Strategy was presented to both boroughs and the GLA. This is summarised within Section 4 of this document. This presentation was well received by representatives of both boroughs and received a positive response.

1.14 The London picture regarding the commercial market is covered in more detail later in this report. However, there are some key headlines:

- **The flight to quality.** In this post-pandemic world, tenants and their staff have accelerated a trend that was already growing, pre-Covid. The shift to more collaborative space, more sustainable workspace and a greater variety of workspaces and working environments is a key driver for occupiers. Access to outdoor space is a must, along with many other qualitative elements – most of which the majority of extant London stock – even in the City and West End – do not cater for. This is referred to as the 'flight to quality'. Companies want spaces that meet their and their staff's values and ideals – and are therefore willing to move to find premises that meet this new paradigm.
- **Pre-Let's still drive the market.** Pre-Let's still account for over a third of leasing volumes. The Strategy allows for the delivery of office designs to a level that can be amended to suit a pre-let tenant without much change, meaning that once an occupier is signed, time to delivery is minimised. The designs of all the commercial spaces have been undertaken with flexibility and adaptability in mind, with a real range of space and scale typologies to suit market demand.
- **Supply pipeline slowing.** Based upon historic demand, there is a looming c. 370,000 sqm shortage of new and refurbished office space in the City of London business district in the next year; this is expected to only increase, according to the City of London (CoL) planning team,

as sites for new stock become harder to develop. The CoL is anticipating a further shortfall on the basis of the anticipated jobs growth, based upon the Mayor of London's employment growth forecasts through to 2024. These also apply to Central London Boroughs on two counts – anticipated jobs growth and the lack of 'Grade A' office stock coming forward to meet demand. It is not just a City problem.

- **Sub-market under supply.** London office submarkets are predicted to see an undersupply, which will be exacerbated by the high level of stock with low EPC ratings.
 - **Low availability.** There are very few opportunities capable of offering a significant quantum of floorspace in Central London.
- 1.15 There are several wider benefits of having workspace/commercial alongside residential - many are set out later in this document – but to truly have a sustainable development, it needs to be able to flex, change and grow through time. The Commercial Strategy has breadth beyond just office space; it supports and is supported by a range of proposed employment generating land uses that will complement the varied workspaces proposed to create a successful place in West London – a destination with depth and longevity, and a reach beyond its red line boundary.
- 1.16 This report underwrites the rationale and need for the proposed quantum of office space that is being submitted as part of the Applicant's planning application submission. Knight Frank and JLL have consistently supported the inclusion of up to 270,000 sqm (GEA) of office workspace in the Earls Court Development, and this report demonstrates the quantitative and qualitative benefits of this provision.
- 1.17 Not only is there sufficient demand in the market, but the delivery of offices is key to supporting the wider Earls Court community by activating and sustaining 'ground floor' uses, attracting visitors to the Site, providing employment, and training opportunities, and playing a critical role in establishing an entrepreneurial ecosystem. Moreover, the Site provides a unique opportunity in terms of scale and ownership to ensure the coordinated delivery of a world-class, innovation-based masterplan that helps to re-establish West London as a leading global office destination. Modern companies want and need to collaborate and like to locate in close proximity to each other; a successful commercial centre at the Earls Court Development will benefit the existing adjacent commercial centres in both boroughs by helping to ensure that existing occupiers do not need to leave the area entirely due to concerns of a lack of available suitable high quality office space and/or the right local collaborative corporate eco-system.
- 1.18 The report finds that there are very strong quantitative and qualitative reasons for providing a significant quantum of commercial workspace as part of the Earls Court Development. Market conditions support the provision of workspace – there is demand across London, with location now of less importance and quality of accommodation attracting occupiers who are looking to retain talent and meet corporate ESG objectives. Economic growth in emerging sectors, such as Climate Tech, will allow the Proposed Development to become a complementary focal point in LBHF and RBKC.
- 1.19 This report sets out the following key points:
- The purpose of the Commercial Strategy is to explain and demonstrate the need, justification, and benefit of including a significant quantum of employment floorspace as part of the mixed-use Proposed Development and that there will be sufficient demand for it. Knight Frank and JLL have taken a data-driven approach to understand occupier trends, demand, and supply - confirming the Site's suitability for commercial development.
 - The Earls Court Site represents Central London's largest cleared development opportunity, thereby providing an arguably unique and "once in a lifetime" opportunity to deliver an iconic

mixed-use masterplan which will provide widespread benefits to the local community and area on multiple levels.

- Planning policy dictates that town centre use development should be focused on town centre locations. Whilst the Site is not currently a town centre, it is allocated for commercial development in both RBKC and LBHF local policy and is a key part of the Earls Court and West Kensington Opportunity Area.
- The Site is held within the Applicant's sole control, which provides opportunity for genuine placemaking. This structure allows for a co-ordinated delivery of much-needed new office accommodation. Whilst there are other allocated sites across RBKC and LBHF the likelihood of them all coming forward in a joined-up and timely manner is low. Large corporate occupiers, currently located outside of the boroughs, are more likely to gravitate towards a high-quality masterplanned environment which provides curated public realm and on-site amenity as opposed to isolated single building opportunities.
- Quantum and growth are critical elements in future-proofing the Proposed Development, attracting occupiers to a new office location, supporting other uses, and providing the flexibility to build on the success of the commercial space both across the Site and more widely within RBKC and LBHF.
- The Site's capacity and ability to cater for future commercial growth and delivery will ensure the continued evolution of the masterplan. Residential uses are typically less evolutionary, whereas working patterns and requirements change over time. This requires workspaces to be refreshed and re-imagined regularly resulting in continuous evolution across the masterplan thereby preventing stagnation and a dilutive erosion over time of the development.
- Mono-functional residential schemes often face issues with absorption that leads to prolonged delivery periods. By including commercial space, different use classes can be delivered simultaneously, shortening the overall development period, helping with viability issues, and helping to deliver necessary infrastructure works and the provision of the green space and public realm that will be a defining feature of the Earls Court Development. Commercial space will also ensure activity at all times of the day creating a lively and busy atmosphere as office workers and residents will tend to utilise the campus at different times.
- The Proposed Development can in fact help to retain occupiers within the two boroughs. Occupiers are now less attached to location and are instead focussing on specification; to this end new developments across London will provide direct competition to existing local town centres. By delivering high quality accommodation at the Proposed Development, not only will new occupiers be attracted to LBHF and RBKC who may otherwise have looked elsewhere, but it may in fact encourage tenants to remain in the boroughs and drive further development in local areas.
- The vision is for the Proposed Development to become the UK's leading Climate Tech hub, whilst also attracting tenants from a wide range of sectors. This would immediately differentiate it from other office locations within RBKC, LBHF and other sub-markets. In this way, the Proposed Development would be complementary to, rather than solely competitive with, existing local town centres.
- This vision clearly aligns with LBHF's Industrial Strategy, whose priority is to establish a "global beacon for innovation and growth and a leading place for tech and creative businesses, education and research". This will be in part delivered through a growth partnership with Imperial College London (who are in regular dialogue and collaboration with the Applicant).
- The Earls Court Development's proximity to major universities and connectivity to other innovation districts marks it out as a strong proposition for emerging growth sectors that focus on innovation and research. These locational aspects correlate strongly with the vision to deliver a Climate Tech hub. The education sector is becoming an increasingly important component of the corporate ecosystem and major occupier of commercial space as companies

and Universities increasingly work and collaborate with significant mutual synergy and a proven generator for high quality jobs.

- A genuine mixed-use community of this scale will allow the scheme to utilise and benefit from the latest sustainability technology that will result in the provision of an intelligent and world leading sustainable development.
- The Earls Court Development benefits from instant name recognition and iconic history. This provides a major boost in establishing a new destination.
- Office stock is declining across Central London. The stock in both LBHF and RBKC is ageing with lower quality EPCs and relatively small floorplates.
- There is also a clear imbalance in office stock between East and West London, which is likely to widen with the delivery of large-scale development projects such as Canada Water. The Proposed Development provides an opportunity for West London to redress this balance.
- Leasing volumes across London have recovered since the Covid Pandemic, with volumes trending back towards long-term averages. Demand remains robust (including in innovation sectors such as Climate Tech), with increasing evidence that occupiers are expanding rather than contracting with current active demand well above the 10-year average.
- There is, however, clear bifurcation in demand both in London and across all global gateway cities with tenants demanding the highest quality, best-in-class office space and discounting secondary older office stock to meet their own sustainability agendas and to encourage their staff back into the office following the working from home phenomenon.
- Occupiers are increasingly footloose in terms of location, instead being driven by the quality of space. This “flight to quality” is established and accelerating and areas that cannot provide the highest quality and most sustainable office accommodation will rapidly decline from a commercial perspective. This will work in the Earls Court Development’s favour, given the high quality and range of accommodation that is being proposed. To ensure take-up levels across the boroughs meet their expected performance against submarket size as a minimum, refurbishment of stock is required.
- Actual job creation and economic uplift is likely to exceed Oxford Economics’ existing projections which will in turn increase the level of office floorspace required.
- Between 2024-30, there are almost 6.5m sqm of office leases expiring across London. Some 60% of these expiries occur between 2027-30. This represents structural demand that the Proposed Development will help to address. Supply across Central London remains high, however due to the nature of take-up, supply of new and refurbished space remains limited with the current vacancy rate in Central London of new buildings at approx. 2%. New build vacancy in LBHF is concentrated in a handful of buildings.
- The lack of quality space currently available and forecast to be delivered will deter future leasing activity as occupiers increasingly focus on best-in-class space. The Proposed Development, however, provides a significant opportunity to deliver the quantum and quality of space that could transform local office markets into world class space, with structural demand likely to spill over into non-core submarkets due to the modest development pipeline in Central London.
- Workspace at the Earls Court Development will be an attractive alternative to other submarkets for occupiers due to the high-quality product, extensive placemaking and public realm, and the curation of a world-class environment.
- Obtaining a significant pre-let is key to the success of any mixed-use scheme, underpinning the financial viability of the project and justifying additional investment into the construction of further buildings.

- 1.20 The site provides a unique opportunity to deliver a best-in-class ecosystem, and whilst it is not currently within an existing town centre, there are several mitigating factors which mark it out as a suitable location for town centre uses to be provided. Providing commercial floorspace will also be a key element in enlivening the Site and ensuring timely and coordinated development can be delivered across both RBKC and LBHF. To further satisfy planning concerns about the delivery of town centre uses at the Site, a Town Centre Use Impact Assessment has been submitted as part of this application, which should be read in conjunction with this report.

2.0 Introduction

Introduction

- 2.1 This Commercial Strategy has been prepared by Knight Frank and JLL and is submitted as part of two Hybrid Planning Applications, one submitted to the London Borough of Hammersmith and Fulham ('LBHF') and one submitted to the Royal Borough of Kensington and Chelsea ('RBKC') in relation to the redevelopment of the land bounded by West Cromwell Road, Warwick Road, Philbeach Gardens, Eardley Crescent, Lillie Road, Old Brompton Road, and the West London Railway Line ('WLL'); and 1 Cluny Mews in RBKC (the 'RBKC Site') and North End Road, Beaumont Avenue, West Cromwell Road, the WLL, land comprising the Empress State Building ('ESB'), Aisgill Avenue, the former Gibbs Green School properties fronting Gibbs Green Close, and properties fronting Dieppe Close (the 'LBHF Site'). The Proposed Development will form the new Earls Court Development. The Hybrid Planning Applications have been submitted on behalf of the Earls Court Partnership Limited ('ECPL'), ("The Applicant").
- 2.2 The RBKC Hybrid Application is formed of detailed development proposals in respect of plots EC05 and EC06 for which no matters are reserved ("RBKC Detailed Component"), and outline development proposals for the remainder of the RBKC Site, with all matters reserved ("RBKC Outline Component"). The RBKC Detailed Component and RBKC Outline Component together are referred to as the "RBKC Proposed Development".
- 2.3 The LBHF Hybrid Application is formed of detailed development proposals development proposals in respect of plots WB03, WB04 and WB05 for which no matters are reserved ("LBHF Detailed Component"), and outline development proposals for the remainder of the Site, with all matters reserved ("LBHF Outline Component"). The LBHF Detailed Component and LBHF Outline Component together are referred to as the "LBHF Proposed Development".
- 2.4 Together the RBKC and LBHF Proposed Developments form the Earls Court Development which comprises the redevelopment of the Site. The Earls Court Development will provide residential dwellings, purpose-built student accommodation, assisted living, workspace, culture, community, retail and leisure facilities alongside high quality public realm and open spaces.

Report Purpose

- 2.5 The purpose of the Commercial Strategy is to explain and demonstrate the need for a significant scale of employment floorspace as part of the mixed-use Proposed Development and that there will be sufficient demand for it.
- 2.6 The report takes a data-driven approach to understand occupier trends across the capital, as well as the demand and supply pipelines for RBKC and LBHF. Evidence from recent surveys of employee behaviour is used to show the office remains the focal point of workplace activity. Fears of the office being replaced with remote working have not materialised. However, there is a sharpened focus, since the Pandemic, on workplaces that are rich in amenity and cater to employee wellbeing. The report assesses the constrained development pipeline and how future supply in RBKC and LBHF, and across London, positively impacts future demand for offices.

- 2.7 The report examines why the Site is suitable for the delivery of high-quality office accommodation of the quantum suggested and sets out why the Proposed Development can be complementary to existing office locations within the two boroughs.
- 2.8 Comparator projects are included within this document to underline the importance of delivering a balanced, sustainable masterplan with a mix of uses, and the role that offices (of significant quantum) play in ensuring this success.
- 2.9 Relevant planning policy, including national and regional guidance and RBKC and LBHF specific documentation, has been considered. As the Site is not currently allocated as a Town Centre, a Town Centre Use Impact Assessment setting out why the Earls Court Development is a suitable location for office development has been separately submitted as part of this planning application.
- 2.10 Knight Frank and JLL have been appointed by ECPL to provide strategic masterplan advice for the Earls Court Development. The Earls Court Development Company (ECDC) is the Business Manager responsible for driving the transformation of the 18-hectare (approximately 179,956 sqm) site, formerly home to the iconic Earls Court Exhibition Centres.
- 2.11 The Site area associated with the RBKC hybrid application is 8 hectares (approximately 78,561 sqm) and the Site area associated with the LBHF Hybrid Application is 10 hectares (approximately 101,395 sqm). The Site is located in both the LBHF and the RBKC in West London. The LBHF and RBKC administrative boundary bisects the Site along a northwest - southeast axis from Lillie Road to West Cromwell Road.
- 2.12 As masterplan advisors, Knight Frank and JLL have consistently advocated for the inclusion of office accommodation in a bid to deliver a truly mixed-use destination, in line with ECDC's own vision for the Site. The reasons for this advice are varied, but key amongst them are:
- Offices are a key component of successful masterplans, creating demand for supporting uses and a flourishing 24-hour economy on site. The balance of workplace and residential space is critical to the long-term success of placemaking and thus the long-term sustainability of major development schemes such as Earls Court.
 - Office development can create affordable workspace for local businesses.
 - The flight-to-quality amongst office occupiers necessitates best-in-class space.
 - There is a lack of supply in the local office markets, with a constrained development pipeline across London, which can be catered for on the Site.
 - A 'residential only' site would not be viable or supported by the market due to absorption issues.
 - Offices are a key piece of developing an eco-system. They are fundamental to economic growth, promote job creation and add to the wider economic success of a scheme. However, to drive success sufficient quantum should be delivered.

3.0 Relevant Planning and Borough Policy

Planning Policy Framework

- 3.1 Section 38(6) of the Planning and Compulsory Purchase Act 2004 (as amended) and Section 70(2) of the Town and Country Planning Act 1990 states that the determination of planning applications should be made in accordance with the Development Plan unless material considerations indicate otherwise. This requirement is reiterated within the National Planning Policy Framework (NPPF).
- 3.2 For LBHF the Development Plan for the Site comprises:
- The London Plan (2021); and
 - The London Borough of Hammersmith and Fulham Local Plan (2018).
- 3.3 For RBKC the Development Plan for the Site comprises:
- The London Plan (2021); and
 - The Royal Borough of Kensington and Chelsea Local Plan (2019).
- 3.4 Given its late stage, emerging policy, RBKC New Local Plan Review (NLPR), main modifications published 2024 will also be a material consideration and is likely to be adopted when the planning applications are determined.
- 3.5 In addition to the Development Plans, regard should be had to the following:
- National Planning Policy Framework ('NPPF'), updated 2023;
 - National Planning Practice Guidance ('PPG'), updated periodically;
 - Relevant London-wide and borough Supplementary Planning Guidance ('SPG') documents, in particular, LBHF's Affordable Workspace SPD (2022) and RBKC's Earls Court Placemaking Framework Supplementary Planning Document 'SPD' (2023).
- Relevant borough strategy documents which seek to deliver economic growth, in particular LBHF's Economic growth for everyone – An industrial strategy for everyone (2017) and RBKC's Live, work and learn – Our plan for a successful local economy (2019).

National and Regional Planning Policy

- 3.6 Chapter 6 of the NPPF sets out a presumption in favour of creating conditions to help build a strong, competitive economy.
- 3.7 Chapter 7 of the NPPF advocates a town centres first approach and in doing so requires all applications for main town centre uses, including offices, outside of defined centres or not in

accordance with an up-to-date Development Plan to demonstrate compliance with the sequential test. Please refer to the Town Centre Use Impact Assessment submitted as part of this application for further information on the sequential test.

- 3.8 Increases to the current stock and improvements to the quality, flexibility, and adaptability of office spaces for different sizes is supported in mixed-use developments under Policy E1 of the London Plan to meet identified growth. Policy E1 directs new office development to town centres, existing business parks and locally oriented town centre provision to meet local needs (whilst having regard to town centre impacts) and any surplus office space is required to demonstrate sufficient evidence to justify the demand and supply for the proposed use.
- 3.9 London Plan Policy E1 is positively worded in that it encourages additional office provision in specifically identified locations but does not explicitly prohibit or restrict office floorspace provision which does not fall within these locations.
- 3.10 Policy SD7 requires impact assessments for any proposals for new office uses outside of the town centre.
- 3.11 Policy E2 supports the provision and protection of a range of B use class business space whilst having regard to the type and use of the space.
- 3.12 Part C of Policy E8 promotes employment opportunities for Londoners across a diverse range of sectors including start-up/incubator spaces; flexible workspaces such as coworking and serviced offices; grow on/move on spaces for business and affordable workspaces.

Site Allocations

- 3.13 The London Plan identifies the Earls Court and West Kensington Opportunity Area, of which the Site forms part, as having an indicative capacity of 6,500 new homes and 5,000 jobs.
- 3.14 The Development Plan provides a clear basis on which to bring forward the redevelopment of the Site at a strategic scale through the Site's various site allocations. At the local plan level, expectations on development prioritise housing, but also extend to a wider mix of uses including offices, culture, retail, and hospitality, as well as the social and physical infrastructure needed to support the new community on the Site.
- 3.15 There is an expectation in both the RBKC and LBHF Local Plan Site Allocations that the redevelopment of the Site should provide office uses. Both Local Plans envisage employment uses playing an important role in the creation of a new mixed-use urban district with open space and other commercial and cultural uses.
- 3.16 LBHF's Local Plan Strategic Site & Housing Estate Regeneration Area: FRA1 Earls Court and West Kensington Opportunity Area, of which the Site forms a part of, identifies development proposals to contribute to providing a mix of land uses, including housing, employment, hotels, leisure and associated facilities, retail and cultural facilities and identifies the part of the wider Earls Court and West Kensington Opportunity Area (which the Site forms part of) that falls within the borough as having the ability to deliver 6,500 homes and 8,500 jobs.
- 3.17 RBKC's adopted Local Plan Site Allocation CA4, allocates development on the Site to deliver a minimum of 10,000 sqm of office floor space.

- 3.18 Emerging policy draft RBKC NLPR includes Site Allocation SA2 Earls Court Exhibition Centre, which allocates the Site to deliver an optimised residential-led mixed-use development, delivering around 40,000sqm or more of non-residential floorspace, of which a minimum 20,000 sqm should be for Class E(g) offices or research and development or light industrial space. It also identifies Earls Court as a Neighbourhood Centre.

London Borough of Hammersmith and Fulham (LBHF)

- 3.19 LBHF Local Plan Policy E1 (Providing for a range of employment uses) states that the Council will support proposals including mixed-use schemes for new employment uses, especially those that recognise the existing strength in the borough in creative industries, health services, bio-medical and other research-based industries.
- 3.20 The Policy also states that when considering new employment floorspace, the Council will take into account:
- whether the scale and nature of the development is appropriate, having regard in particular to local impact, the nature of the surrounding area, and public transport accessibility;
 - impact upon small and medium sized businesses that support the local community;
 - scale and nature of employment opportunities generated in the new development;
 - whether there will be displacement of other uses such as community facilities or housing; and
 - the Hammersmith and Fulham Economic Growth Plan and the council economic strategies.
- 3.21 Furthermore, the policy advises that the Earls Court and West Kensington Opportunity Areas is identified as being a preferred location for new office development above 2,500 sqm within the borough.

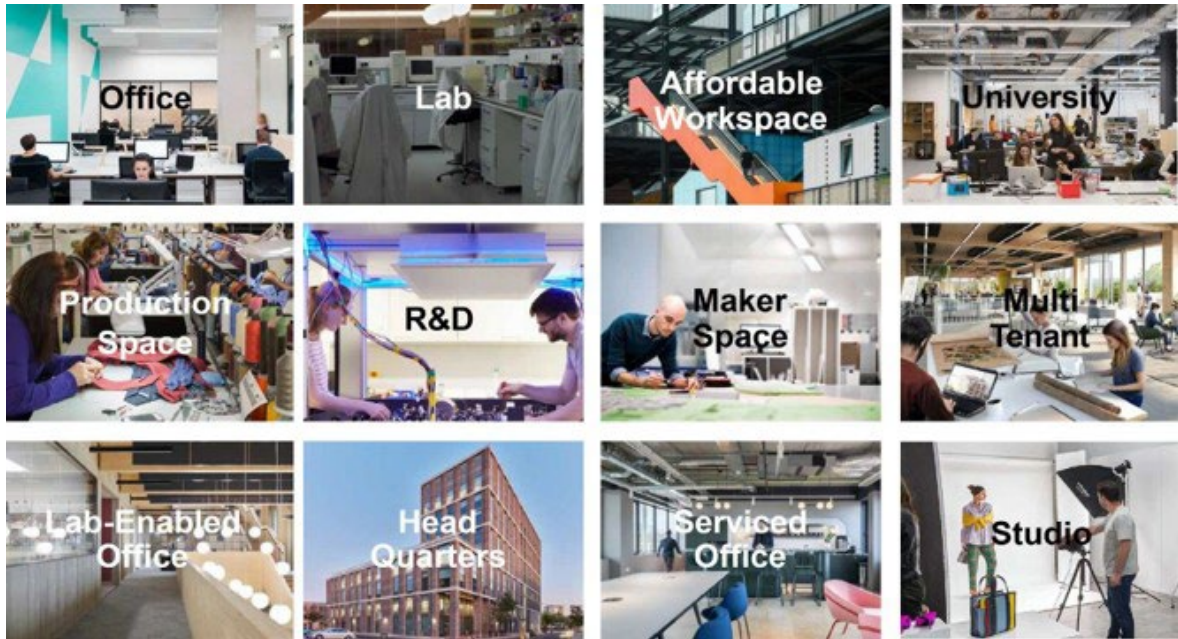
LBHF Industrial Strategy – Economic Growth for Everyone

- 3.22 The LBHF Industrial Strategy (2017) sets out four key priorities to establish the borough as a leading European business district. These are:
- ‘West Tech’ – creating a globally recognised innovation district that is a leading location for tech and creative businesses;
 - ‘Encouraging Enterprise’ – establishing LBHF as a location where start-ups can flourish through the provision of a business growth team, new funding approaches, affordable workspace and creating jobs for local residents;
 - ‘A Great Place’ – improving commercial hubs and infrastructure, providing 10,000 homes, and promoting arts, culture, and leisure;
 - ‘Economic Growth for All’ – placing LBHF residents at the heart of a new knowledge-based economy by leveraging partnerships with anchor institutions such as Imperial College, to provide opportunities for economic growth, regardless of background.
- 3.23 The adopted Industrial Strategy priorities are clearly aligned and reflected with the Applicant’s Illustrative Masterplan.



- 3.24 West Tech' – Whilst the Proposed Development can cater to a range of occupiers there is a clear focus on Research and Development (R&D). The scale of the Site allows for the delivery of a broad range of innovative workspaces that can complement the existing (and future) establishment of the borough as a destination for the broad tech sector.
- 3.25 'Innovation' - The Proposed Development seeks to provide a focal point for innovation and R&D. Along with White City, the two major development projects can work harmoniously to support a wider West London innovation district.
- 3.26 'Encouraging Enterprise' – The Proposed Development will provide a variety of workspace typologies – catering to a wide range of occupiers. This will include incubator space for start-ups, scale-up space and space for successful companies with the opportunity to stay on the Site, retaining successful entrepreneurial occupiers within the borough. The Proposed Development

will also deliver affordable workspace and create direct and indirect employment opportunities for local people.



3.27 'A Great Place' – The Proposed Development will deliver a vibrant, mixed-use scheme full of homes, workspace, culture, arts, cafes, restaurants, shops and community facilities set within 20 acres of green and open public realm with over a thousand new trees. It will contain a series of commercial hubs and will upgrade transport infrastructure and public realm, delivering a world-class destination to live and work. There is a strong focus on the reintroduction of cultural uses at Earls Court and a significant element of retail and leisure space. Additionally, the Proposed Development will deliver a large number of homes.





- 3.28 'Economic Growth for All' – The Applicant is collaborating with internationally renowned anchor institutions, such as Imperial College London and will continue to strive to deliver for the local population in RBKC and LBHF. Through the activities of the Applicant in 2023, the Site created an additional Gross Value Added of £12.9m with 599 FTE jobs created. Examples of the initiatives include the BBC Earth Experience, the Community Hub, Empress Studios, the Skills Centre, The Community Fund, sponsorships, volunteering and work experience.
- 3.29 LBHF is undertaking a refresh of their Industrial Strategy. Initial proposals were presented in draft to the Economy, Arts, Sports and Public Realm Policy and Accountability Committee in March 2023. Within the proposed refresh, there are four clear themes:
- Opportunity
 - Growth
 - Inclusion
 - Place
- 3.30 Within Inclusion, LBHF has an ambition to deliver innovative models of housing. Growth contains an explicit desire to position the borough at the heart of a green economy, as a leader in green technology and innovation.
- 3.31 All themes are underpinned by a commitment to tackling the climate and ecological emergency, as a cross-cutting priority.



Employment Related Accommodation (ERA)

- 3.32 In 2023 the Council proposed a refresh of the Industrial Strategy. Initial proposals were presented in draft to the Economy, Arts, Sports and Public Realm Policy and Accountability Committee in March 2023. The theme of 'Inclusion' was introduced, considering how to tackle barriers to allow communities to benefit from the opportunities generated from growth. Part of this is an ambition to deliver innovative models of housing.
- 3.33 Working collaboratively, LBHF and the Applicant have embarked on a joint initiative to seek to deliver a new Employment Related Accommodation (ERA) housing product which will sit alongside the wider Earls Court Commercial Strategy, aiming to deliver lower cost housing for those employed by commercial occupiers on Site.
- 3.34 The ERA seeks to align commercial occupiers at Earls Court with a mission to enable people to live and work here, attracting the world's best businesses, innovators, and talent by creating a place where families, couples and individuals can put down roots and thrive.

- 3.35 The ERA will help reduce the cost of living for the squeezed middle, being those who do not qualify for affordable housing, yet struggle to rent or buy on the open market, without negatively impacting scheme viability. The ERA will not be a policy-based affordable housing product, but will be subsidised market housing, in addition to the 35% affordable housing proposed by the LBHF Hybrid Planning Application, and be tied directly to the commercial occupiers' located at Earls Court.
- 3.36 This joint initiative with LBHF will aim to address existing structural barriers to alternative housing models, mirroring market liquidity with minimal restrictions. It will seek to deliver for residents and businesses, establishing a model which could be rolled out across the borough, and potentially London and the UK.

Royal Borough Kensington and Chelsea (RBKC)

- 3.37 Adopted RBKC Local Plan Policy CF5 requires new large scale office development to be located within a town centre, other accessible areas or within an Employment Zone unless the development would meet the requirements of the sequential test and not have a detrimental impact on traffic generation in the area.
- 3.38 The emerging Local Plan sets out RBKC's vision and aspirations for the Site. Emerging Policy PLV2 and the proposed site allocation SA2 seek a lively new urban quarter with commercial, cultural, and residential uses, including a minimum of 40,000sqm of non-residential floorspace, of which at least 20,000sqm should be for offices or research and development.
- 3.39 The Council's Employment Land Study, October 2021 forecasts a demand of 60,500 sqm of net additional office floorspace by 2043.
- 3.40 Emerging NLRP Policy BC1 requires new large-scale offices to be located within town centres, other accessible areas, Opportunity Areas or Employment Zones in the first instance. New large-scale offices outside of existing town centres will be subject to an impact assessment.
- 3.41 Emerging NLRP Policy TC1 supports the establishment for new town centres in the Earls Court and West Kensington Opportunity Area and any new centre must comply with the requirements of the NPPF and be of a scale and nature that does not have an unacceptable impact on existing centres.
- 3.42 Emerging NLRP Policy TC1 states that RBKC will apply a sequential approach to town centre uses which are neither in an existing centre nor in accordance with the other policies in the Development Plan. The policy requires an impact assessment for office uses which does not comply with the Development Plan.
- 3.43 RBKC's Earls Court Placemaking Framework sets out RBKC's vision for the Site, noting the "Opportunity Area will become a lively, new urban quarter of cultural, employment and residential uses that is innovative, sustainable and integrated with the surrounding neighbourhood."
- 3.44 In September 2023, RBKC published 'Live, Work and Learn; Our plan for a successful local economy'. The Plan sets out the commitment from the Council to work to ensure that Kensington and Chelsea is a place: where all residents can access opportunities; where businesses thrive and prosper; that supports good growth to sustain a vibrant local economy.

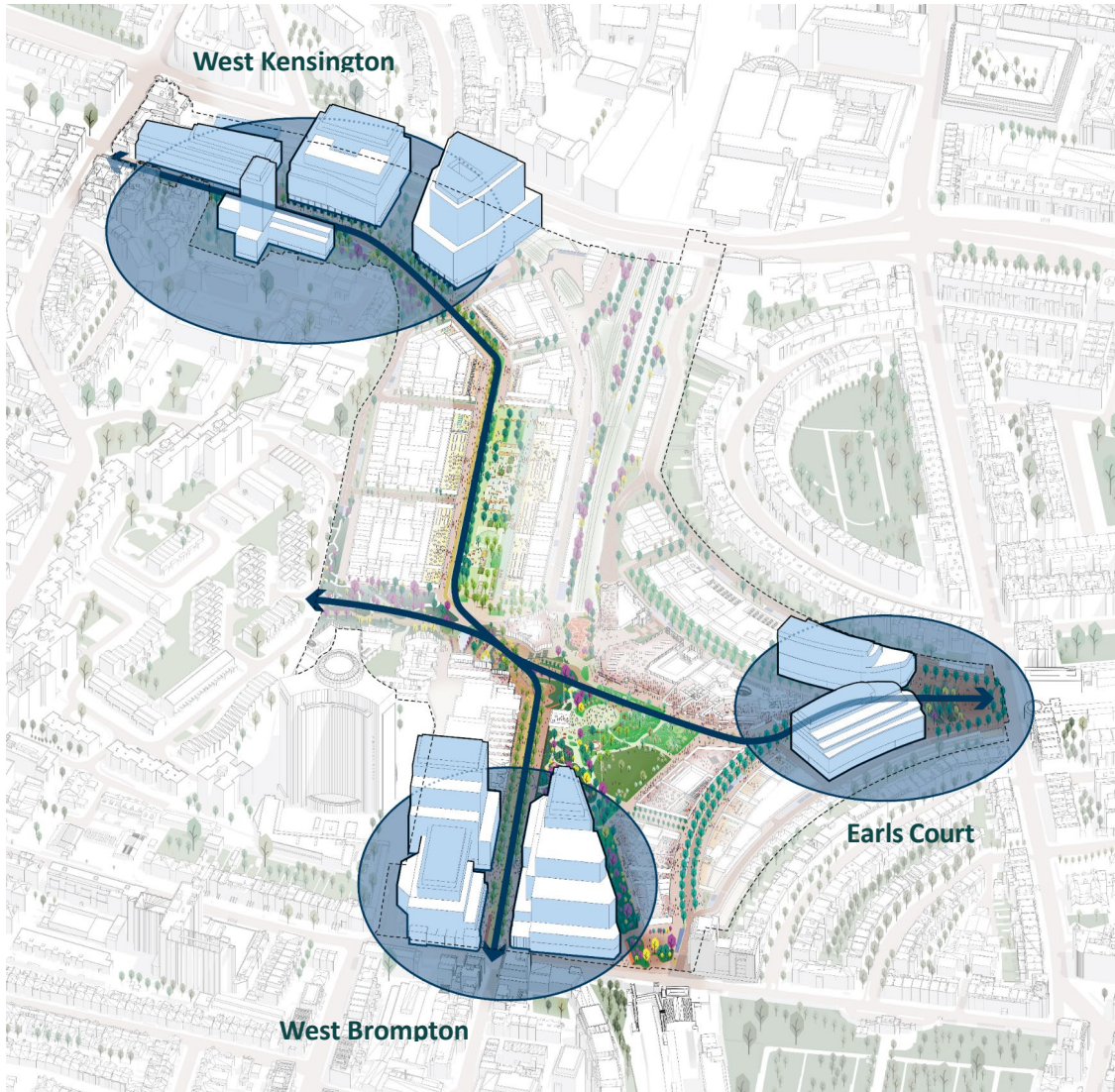
- 3.45 The Proposed Development will support the aims and objectives of the RBKC Plan, with opportunities for enterprise and entrepreneurship and supporting access into employment. Earls Court will be a place where businesses thrive and prosper.
- 3.46 The inclusive approach to the Proposed Development seeks to make connections between people, companies, institutions and communities, working in partnership to support good growth.

4.0 The Earls Court Vision

Earls Court Commercial Strategy – a short summary

- 4.1 A successful mixed-use scheme needs both residential and commercial strategies to work. The commercial strategy provides a significant element of both the economic and social backbone to development. To do so, it needs a quantum and a range of spaces, to attract the mix – from the start-ups to the larger corporates and everything in between. No business wants to be an 'outlier'. Businesses, and therefore jobs, grow and thrive when part of a wider and bigger, more varied business community – they feed and enrich each other. This is why modern companies want and need to collaborate and like to locate in close proximity to each other. For this to happen successfully and over time, a sufficient quantum is needed to enable this growth. It will not do this in isolation: a successful commercial centre at the Proposed Development will benefit the existing adjacent commercial centres in both boroughs by helping to ensure that existing occupiers do not need to leave the area entirely due to concerns of a lack of available suitable high quality office space and/or the right local collaborative corporate eco-system.
- 4.2 **Developing an ecosystem.** The Commercial Strategy needs a focus: at the Earls Court Development it is one of the fastest growing and most societally and environmentally important sectors: clean and Climate Tech and innovation. This has been selected not in isolation but is complementary and builds upon the growth of the innovation hub at White City and on the work of Imperial College and others. Nor is it isolated – it is part of a wider network of growing innovations hubs in and around West London. The Earls Court Development is set up to be a nexus for this sector, and as such greatly supports the Industrial Strategy of LBHF and the commercial policies of RBKC.
- 4.3 This ecosystem requires a physical 'home', that can develop and grow over time, but that also offers a range of opportunities for differing sizes of companies and organisations, from start-ups to scale ups to anchor tenants. The Commercial Strategy consists of three main hub locations, situated in close proximity to each public transport node: at Earls Court, West Brompton West Kensington. Each of these hubs offer the capability for stand-alone buildings or for campus-type facilities linking several buildings. In addition, there are a range of smaller workspace offerings around these hubs, but also along the journeys connecting them – ensuring the development has a rich mix of uses on the major routes tying all three nodes together.

4.4 The following illustrative diagram shows the disposition of these hubs and campus opportunities:



- 4.5 Tie-ins with universities and Higher Education (HE) and trade bodies are important in establishing the Earls Court Development as an innovative destination and development in its own right. Relationships are already developing with Imperial College London, the RCA, Brunel, and Tech UK.
- 4.6 **Scale and range of offering.** The Early Phases will include two elements: sustainable offices at the entrance located by Earls Court station; and a larger four building campus proposition at West Brompton. These could offer everything from a partial floorplate up to co-joined plots at West Brompton.
- 4.7 A third campus at the West Kensington entrance to the site is proposed and completes the three main commercial clusters. Refer to the illustrative diagram above.
- 4.8 The spaces will range from grade A commercial space to lab space, multi-tenant opportunities, to co-working, scale-up grow-up space to affordable workspace. Some of the larger spaces could be made bespoke for a larger occupier.

- 4.9 All offerings are planned to be highly sustainable with good access to healthy outdoor spaces – designed to the quality now sought by occupiers.
- 4.10 As evidenced by other masterplan developments, it is important to go to market with a range of offerings from day 1. The key benefit of this is to get the first occupier – and therefore the first commercial space – up and running. Typically, once this has happened other occupiers and tenants are drawn to the site. To this end, the Commercial Strategy has set out a range of leasing and pre-let options.
- 4.11 To ensure the ability for growth and flexibility, there are further plots that are referred to as ‘Flexible Plots’. The Flexible Plots are all within the Outline Component and will allow some plots the possibility to switch between commercial and residential use. The land use for each plot will be confirmed at the RMA stage. This flexibility is important to allow adaptation and growth – dependent upon the prevailing economic circumstance.
- 4.12 **Part of a wider set of strategies.** The Commercial Strategy is but one component of successful placemaking. Development-wide strategies covering culture, retail, public realm and landscape, accessibility as well as affordable workspace (to name a few) are all intertwined and add to creating a place that is more than the sum of its parts.
- 4.13 **Going beyond the red line boundary – an example.** Successful developments that are often held up as ‘exemplars’, are typically ones that have led to further development in surrounding areas, particularly in the commercial and workplace arena. One such well documented and widely recognised site is King’s Cross. A troubled site, with no track record of commercial in the area, has become a hugely successful office location and a world-renowned masterplan development. Flexibility in the planning use classes was critical to the success of this scheme, with several plots able to be developed as either commercial or residential. The success of the quality, scale and distribution of the workspace has led to the reinvigoration of the surrounding commercial, as well as ‘kick-starting’ new businesses in the area, but also increased residential development offerings.
- 4.14 ECDC has already been delivering a mix of commercial and cultural space and employment opportunities at Empress Place as part of the ‘Meanwhile’ activation which has been ongoing since 2021 and has included affordable workspace.

The Proposed Development

- 4.15 The Proposed Development is currently anticipated to be delivered in eight main phases and over an estimated programme of approximately 19 years. The eight main phases encompass the full build out of the Proposed Development.
- 4.16 The indicative development programme is based on the assumption that planning permission is secured in Q3 2025. Elements of infrastructure works are expected to commence prior to Q3 2025. Where applicable, separate applications have already been submitted or may be submitted for these works as described in chapter 5 and the Infrastructure Works section of the submitted Environmental Statement. The impacts of these works have been considered as part of the Environmental Impact Assessment (EIA) and in relevant planning application documents for completeness and robustness.
- 4.17 Therefore, for the purpose of the indicative development programme, the Proposed Development works are anticipated to be undertaken over 13 years for the Early Phases (completion targeted for Q2 2037) and 19 years for the All Phases (completion Q2 2043).

- 4.18 No significant delay is anticipated between the phases. However, realising vacant possession of the Lillie Bridge Depot is complex and whilst an indicative programme has been agreed with London Underground Limited (LUL), it is subject to ongoing review, detailed preparation and design, and additional consents. It may change and could delay vacant possession beyond the timescales currently anticipated.
- 4.19 Due to the above, the Hybrid Planning Applications consider and assess two different scenarios. These are:
- a) All Phases: comprising the entirety of the Proposed Development. This is currently anticipated for completion by 2043.
 - b) Early Phases: Phases 1-4 (the 'Early Phases') are completed, but the Depot remains operational and is delivered to a different programme from that currently anticipated in the All-Phases scenario.
- 4.20 This report considers each of these scenarios. For further information in relation to phasing and development scenarios, refer to the submitted Planning Statement and Environmental Statement.

Why Offices?

- 4.21 The Earls Court Development represents Central London's largest cleared development opportunity. Through the delivery of All Phases, ECDC aim to position the iconic location on a global level by delivering a maximum of 710,519 sqm (GEA) to provide a range of living uses including homes over a mix of tenures, co-living units, older persons housing units, and Purpose-Built Student Accommodation (PBSA) bedrooms. Additionally, a maximum of 13,000 sqm of leisure, 25,000 sqm of retail, 16,000 sqm of storage and distribution space and 270,000 sqm GEA of Class E workspace will be provided. This workspace will be focused around three main centres (shaded in blue on the below plan) close to Earls Court, West Brompton, and West Kensington London Underground stations.



Plan showing the extent of the Proposed Development and location of Commercial Workspace. Plots shaded in blue are commercially led, yellow denotes residential led plots.

4.22 The table below sets out the breakdown of office and research (Class E(g)) areas proposed in Outline across the two boroughs on a GEA, GIA and NIA basis. GIA and NIA areas have been added as these are the bases of measurement that are most commonly used within the commercial property market. As such the analysis and evidence base is driven by these areas and it is therefore important to understand the NIAs and GIAs that are proposed for comparison. To calculate the GIA a factor of 92% from GEA has been applied. From this resultant figure a further factor of 80% to calculate the NIA has been applied. These factors are consistent with those set out within the Development Specification document that has been submitted as part of the Application:

Table 1: All Phases Maximum Commercial Areas			
Borough	Commercial Workspace GEA (sqm)	Commercial Workspace GIA (sqm)	Commercial Workspace NIA (sqm)
LBHF	190,000	174,800	139,840
RBKC	80,000	73,600	58,880
Total	270,000	248,400	198,720

4.23 The Proposed Development includes a significant uplift in commercial space from the previously consented scheme (LBHF ref: 2011/02001/OUT, RBKC ref: PP/11/01937). This quantum of commercial space has been core to the evolution of ECDC’s design and it is a quantum that JLL and Knight Frank have consistently supported as masterplan advisers.

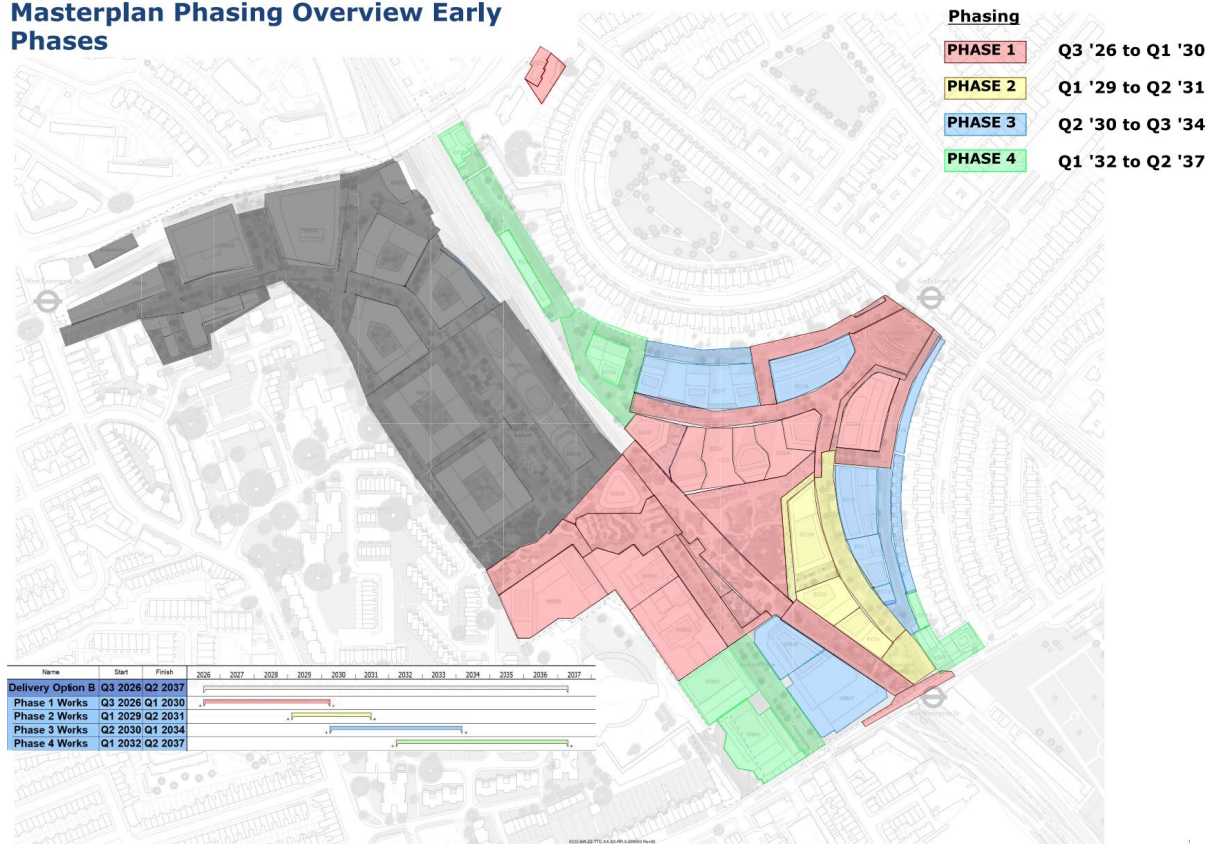
4.24 It has been widely acknowledged that a key reason that the extant consent has not been delivered is that the high percentage of residential accommodation proposed was not commercially viable due to the timescale that the scheme would take to complete and be absorbed by the market.

4.25 In the Early Phases scenario set out in paragraph 4.18, the scheme will look to deliver the following:

Table 2: Early Phases Maximum Commercial Areas			
	Commercial Workspace GEA (sqm)	Commercial Workspace GIA (sqm)	Commercial Workspace NIA (sqm)
	170,000	156,400	125,120

4.26 The below plan sets out the extent of the Early Phases delivery. The main commercial difference to note is the exclusion of the West Kensington workplace cluster. The commercial clusters focused around both Earls Court and West Brompton stations will be delivered in either scenario.

Masterplan Phasing Overview Early Phases



4.27 Knight Frank and JLL consider the inclusion of workspace to be important for the wider benefits it can bring which are critical for the delivery and success of the Proposed Development. In summary:

- The inclusion of offices is significant for placemaking. Offices within a mixed-use scheme generate activity and economic benefits in excess of those delivered in a single use scheme.
- It provides employment and training opportunities, as well as the potential to establish partnerships across occupier groups and real estate uses.
- Office users sustain and support the inclusion of culture, food and beverage (F&B), retail and leisure – importantly at different hours of the day from residential users. This will be of particular value to smaller businesses who will thrive on improved interactivity on the site.
- Offices deliver activity across the day, with workers arriving in the morning, present on site throughout working hours, and often staying on into the evening.
- As well as bringing the ‘resident’ workforce to site, office uses encourage visitors (often from a different set of stakeholders from those who live on site) in turn increasing the awareness of the location.
- A range of office typologies and workspaces across the site offer different types and scale of occupiers which will bring different timings for churn, helping the site to constantly evolve and change.
- Improved social benefits, such as safety, natural surveillance and supporting cultural activities.

4.28 In addition to the benefits that workspace brings to placemaking, the inclusion of office space further benefits the financial viability of major mixed-use schemes. At a maximum of 710,519 sqm of overall development quantum (GEA), the delivery of the Proposed Development poses a

challenge to achieving a financially viable project that provides a return on investment commensurate with its risk and long-term investment horizon. The inclusion of office within the masterplan is critical to achieving this viability and allowing for delivery for the following key reasons:

- Office accommodation values in the surrounding area have increased to a point in the market now where they are considered a viable alternative to residential accommodation. This has been driven by rental growth across the capital, the lack of future supply, and the ever-increasing demand for high quality office accommodation.
- The delivery of large-scale residential development is restricted by the demand from buyers and ultimately the time it takes to sell homes. A careful balance needs to be achieved between delivery of accommodation and saturation of the market which would create considerable time lags on sale periods. This results in heavily residentially focused large-scale developments having to be phased over long periods of time and corresponding difficulties in terms of land hold costs and investment performance, which was one of the prime reasons that the extant consent has not been delivered.
- The inclusion of office uses aids with the diversification of risk. A project of this scale is effectively the creation of a portfolio of assets with a long delivery period, during which there is considerable risk to end asset values. This risk is compounded if the portfolio is heavily weighted towards a single or small number of asset classes. Including office use, along with the commercial and living uses, helps to achieve this diversification of investment risk.

- 4.29 More Important is the need to deliver a critical mass of workspace accommodation to successfully incorporate these uses within the masterplan and allow for future growth at the Earls Court Development. This report includes a review of comparator masterplans and a pre-letting analysis which is expanded on further in Section 11. The analysis shows that an office community of scale is vital to achieve the benefits set out above and create a sense of place. In contrast, single building locations, such as that which has been delivered at Cluny Mews to the northeast of the Site, struggle to survive as occupiers want to be around other organisations for interaction, business, idea sharing, and staff retention and attraction.
- 4.30 This is particularly the case in less established office markets such as Earls Court; without an existing submarket to attract occupiers, incoming tenants will need to be convinced of the Proposed Development's vision and see the opportunity for other occupiers to follow suit. Critical mass is important to create a true sense of place, as without it, creating an environment that modern occupiers will willingly gravitate towards is very challenging. Very few major occupiers are comfortable relocating to an emerging or unproven location which does not have the potential to accommodate multiple businesses of scale.
- 4.31 For example, during the early 1990s, developer Stanhope and architect Terry Farrell & Partners set out an ambitious office-led masterplan for the former London Transport bus works in Chiswick. Chiswick Park now totals approximately 157,935 sqm of office space set across 12 buildings, widely seen as the blueprint for urban business park development. The developer recognised that scale was required in order to be successful in attracting major corporate occupiers to this largely untested commercial location.
- 4.32 Developments such as Stockley Park, Heathrow (which pre-dated Chiswick Park) established the trend of occupiers seeking to 'cluster' in close proximity to each other forming a community of related users. This emerging trend was something Stanhope sought to capitalise upon in the development of Chiswick Park. It is unlikely that Chiswick Park would have been the success it is today if the scale of delivery had been reduced.

- 4.33 Chiswick Park is now home to global corporates such as Warner Brothers Discovery, Paramount Pictures, Danone, Pernod Ricard, QVC, and Halliburton. JLL was instrumental in the leasing of Chiswick Park for the original developer and note that quantum, alongside quality of building, quality of environment and sense of place, was key to its success and without the development occupiers of this nature and scale would not have been attracted to the Chiswick submarket.
- 4.34 Scale, and the opportunity for growth, is also important as early phase success will breed further demand and interest in the Earls Court Development as a workspace destination. The provision of office accommodation of scale within the Proposed Development can deliver a range of workspace typologies, catering to occupiers across the business spectrum, further boosting the masterplan ecosystem. In supporting smaller organisations, the Earls Court Development will also likely benefit from these same occupiers scaling up and growing into space on site.
- 4.35 Latter phase growth potential will also allow ECDC to be flexible and agile with the type of space that is provided. Whilst the Covid Pandemic has certainly not led to the end of the office, as some predicted, occupier trends have changed as a result. Similarly, the importance of ESG credentials is ever increasing for occupiers and investors, and as such the ability to react to changing trends and requirements ensures long term success and sustainability of the Proposed Development.
- 4.36 Moreover, the growth potential beyond the Site should not be underestimated. Whilst Earls Court is not a fully established commercial market, it is a fringe component of the more well-developed West London markets such as Kensington and Hammersmith Town Centre. As has been seen at King's Cross, the revitalisation of the Estate has actually led to beneficial development taking place across the wider local area. Significant commercially led development schemes are now being proposed across areas such as York Way and Somers Town, spreading out into Camden Town and the London Borough of Islington.
- 4.37 Schemes such as Rolling Stock Yard on York Way have been delivered, and major national developer Delancey have recently submitted planning permission at 176-178 York Way for 18,580 sqm of research and lab space. When Knight Frank advised the British Library on the redevelopment of their 1.13 hectare site, proposals from Mitsui Fudosan and Stanhope were focused on the provision of 55,740 sqm of commercial space. The proposed Camley Street redevelopment is focused on the provision of 350 new homes but is being anchored by up to 18,580 sqm of commercial space. It is clear that the success of the commercial elements of King's Cross have spread beyond the Estate boundaries and have made commercial space in the surrounding area not only viable, but desirable.
- 4.38 These are just two of a number of examples of development projects stimulating growth in surrounding areas. The delivery of a successful commercial scheme on the Earls Court Site could bring a similar benefit to the surrounding LBHF and RBKC submarkets. This will encourage investors and developers (and as a result occupiers) to undertake refurbishment of the existing 'Town Centre' stock, and as a result revitalise these markets.
- 4.39 A further key strategy for successful office development is to secure a 'pre-let' to an anchor tenant. This will in turn improve confidence in the location, driving future success. Knight Frank and JLL's analysis of pre-lets across London shows that size and scale are important, demonstrating to occupiers that they will not be isolated at the site. Whilst the Detailed Component of the application will not seek to speculatively deliver this quantum of space, it is important that the Proposed Development has this long-term flexibility of use so that ECDC can appropriately engage with occupiers of scale to secure anchor tenants and provide space for the scheme to grow in later Outline phases of development..

- 4.40 Quantum and growth are two critical elements in future-proofing the Proposed Development and prosperity of a workspace area. To summarise:
- The delivery of a financially viable office component to the masterplan is dependent on a sound and reasoned business plan. The Earls Court Development will create a new office location for London, therefore requiring a unique proposition.
 - Whilst the Proposed Development includes a number of attractive elements which will interest occupiers in locating there, occupiers want to be a part of an office community rather than part of a single or limited number occupier base.
 - Office occupiers like to cluster, becoming part of a community and workspace ecosystem. This requires the delivery of significant quantum across the masterplan rather than single standalone plots, which would be difficult to attract occupier demand.
 - Office accommodation is a key factor in delivering the levels of footfall required to support retail and leisure amenity across the scheme. Without a significant occupier base, levels of demand and values could drop, further damaging the sense of place.
 - Knight Frank and JLL's masterplan analysis shows that successful early phase office development on site acts as a catalyst for further demand. It is therefore vital that the scheme is designed with this in mind, and that a quantum of office space is provided to allow for future growth.
 - Success on site will naturally lead to a revitalisation of the wider local area, encouraging development and take up across LBHF and RBKC submarkets.
 - The office development market is driven by pre-lets and a critical part of attracting these occupier opportunities is demonstrating to occupiers that further office growth is feasible on site. The success of the site in attracting companies that form of part of the pre-let occupiers supply chain necessitates the ability to deliver a significant quantum of office space with the optionality for future development and growth.
 - Attracting a pre-let will give cache and confidence to the location, allowing other occupiers to buy into the vision and brand of the Proposed Development. Early pre-lets can create a domino effect which, due to the large scale nature of pre-let transactions, can take out office supply on the masterplan fairly quickly. Therefore, optionality to deliver further office accommodation in addition to the early phase critical mass is required to satisfy the demand generated, diversify project risk, and increase financial viability.
 - Current levels of office demand across London outstrip supply, particularly for best-in-class space. Once the Earls Court Development is established as a destination, it will require the ability to grow to fulfil this citywide requirement for space.

The Vision: Creation of an 'Innovation Hub'

- 4.41 Part of the Earls Court Development's vision is for the Site to become the UK's leading Climate Tech hub, providing a mixture of building typologies to deliver high quality R&D space, whilst also attracting more traditional office occupiers. This would immediately differentiate it from other office locations within RBKC and LBHF, giving it a particular focus on a truly innovative and growing sector which to date does not have a central hub. The focus on Climate Tech is based on the following key points:
- The Proposed Development provides the opportunity to deliver a development of scale that caters to occupiers from start-ups to global corporates. Given its central location and proximity to globally renowned innovative institutions such as Imperial College London, and the burgeoning innovation community in West London, it is ideally located to deliver a true ecosystem.

- Commercial clusters thrive and develop more quickly if they have a focus.
 - Innovation drives growth, supports local populations and creates wealth. Climate Tech is one of the fastest growing innovative sectors worldwide and to date has no central locus.
 - The world is focused on reaching Net Zero, a process that will undoubtedly affect businesses of all shapes and sizes.
 - Climate Tech has received record global investment, but estimates show that significantly greater investment is required.
 - A climate focus would provide a complementary centre to the innovation campus that has been delivered at White City. White City has focused on the delivery of Life Sciences space and has an existing relationship with Imperial College London; Imperial are also collaborating with ECDC and are aiming to expand into Climate Tech. This would establish a clear link between the sites, who would be able to leverage the adjacencies in focus to deliver a world-leading innovation district in West London.
 - Sustainability and climate goals are a major concern amongst young people with surveys regularly showing that a focus on the climate is a key talent attractor. This will lead to further importance being placed on Climate Tech solutions but may also translate into increasing job demand within the Climate Tech sector itself.
 - Investment into Climate Tech is being driven from multiple sources, including venture capital firms and major global corporations such as Amazon and Microsoft.
 - Climate Tech is hugely important. Global solutions to climate change are the most important challenge of this century and solutions are required across all industries.
 - As an evolving sector, Climate Tech offers room to grow. Employees are typically highly skilled with the industry offering significant training and knowledge improvement opportunities for start-ups and new employees.
- 4.42 By attracting an early mover, an exciting ecosystem can be built that brings together small, medium, and large companies that focus on research and innovation, sustainability, knowledge exchange and investment opportunities and define Earls Court as a globally renowned hub that brings the associated benefits with it to RBKC and LBHF.
- 4.43 With this emphasis providing a central focus to the ecosystem, the Proposed Development would also be attractive to a number of more traditional occupiers who would look to feed into this pioneering new sector. The growth in Climate Tech has been driven not just by the companies themselves, but by major global corporations and venture capital firms.
- 4.44 As ESG becomes an increasingly important requirement to occupiers and investors, and the requirement to reach Net Zero becomes ever more pressing, there is clear symbiosis in businesses locating close to (and partnering with) Climate Tech companies that will be located on the Earls Court Development.
- 4.45 In addition to focusing on environmental concerns, the social value that ECDC's vision will deliver will be a major draw. Between November 2022 and October 2023, ECDC supported 45 projects and created 599 FTE jobs, £7.9m of social value and provided £25.7m of extra spend in the local economy. Continuing 'meanwhile uses' provide local businesses with workspace, whilst ECDC's Earls Court Community Fund supports local projects delivering community activities and resident support, Social Value will continue to be delivered throughout the development period and when occupiers locate on site.
- 4.46 This will appeal to a wide variety of occupiers. Whilst the focus of ESG initiatives often falls on environmental policies and objectives, social considerations are of great importance and are less readily deliverable for occupiers who are not situated on campus masterplans. By locating on the

Earls Court Site, a range of businesses (from start-ups to larger corporates) will be able to immediately benefit from the Social Value generated by ECDC and will be able to partake in initiatives to further help the local community.

- 4.47 Not only will the focus on Climate Tech therefore differentiate it from existing LBHF and RBKC submarkets, but it will act as a 'pull' for environmentally conscious occupiers, who although not directly involved within the Climate Tech sector, buy into and value the Earls Court Development vision to locate on and around the Site.

5.0 London Office Market Overview

Section Summary

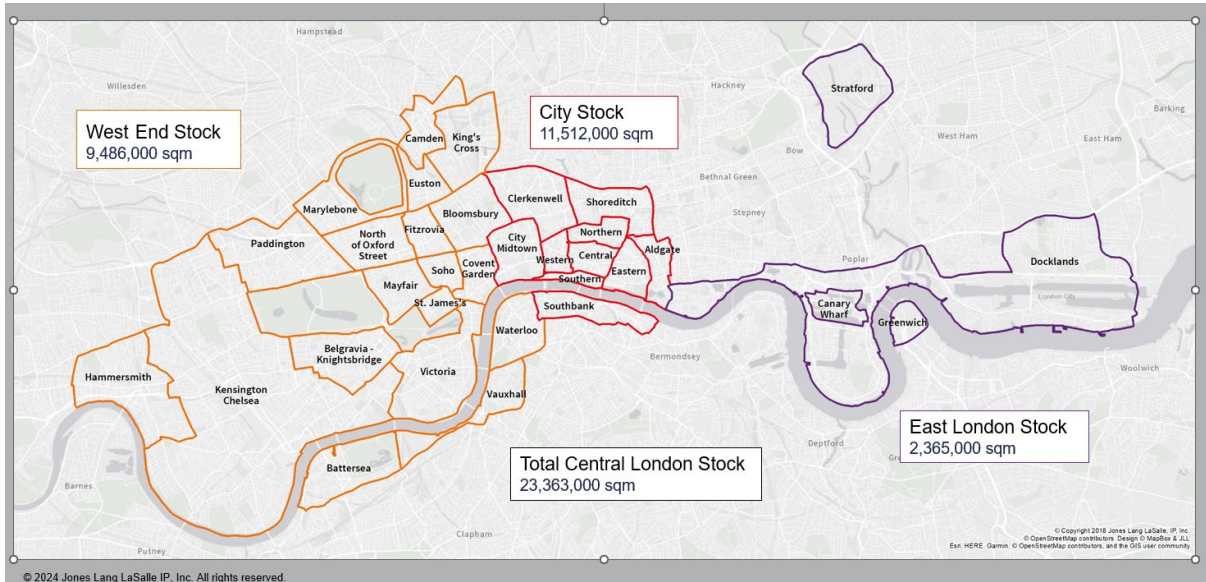
The Earls Court Development offers an opportunity to improve the quality and quantity of the office stock in both LBHF and RBKC, which has been declining, and hence attracting and retaining occupiers.

- 5.1 Office stock is declining across Central London, reflecting permitted development rights and higher returns on alternative uses in a post-Covid environment. This decline has been evident in both LBHF and RBKC.
- 5.2 There is a clear imbalance in the distribution of office stock around Central London with a dearth of office stock in the west compared to the east. This imbalance is likely to widen with the delivery of large-scale office development at Canada Water and increasing development densities in the City of London.
- 5.3 LBHF has an estimated office stock of c. 726,000 sqm (NIA), which has declined from a peak of 785,000 sqm (NIA) in 2019. RBKC office market is smaller than LBHF, with has an estimated stock of 406,000 sqm (NIA) and has seen one of the largest decreases of stock across Inner London.
- 5.4 In general, the office stock in LBHF and RBKC is characterised by an ageing stock, with relatively floor small plates. There have been divergent trends across LBHF, with recent development and leasing activity focused on White City, while Hammersmith town centre has lagged in terms of activity.
- 5.5 The quality of space within LBHF is higher than in RBKC, with a higher proportion of office achieving an A or B EPC rating but this is primarily as a result of the schemes in White City and more recent development around core Hammersmith.
- 5.6 Overall, the office stock is also skewed towards lower quality EPCs and much of the office stock in the LBHF will become obsolete over the next ten years as more stringent regulation is introduced around leasing energy inefficient spaces.

Office Stock

- 5.7 Central London is a wide and diverse office market, which stretches from White City and Hammersmith in the West to Canary Wharf and Stratford in the East. JLL and Knight Frank aggregate the market into the City, West End and East London (see map for JLLs submarket boundaries)

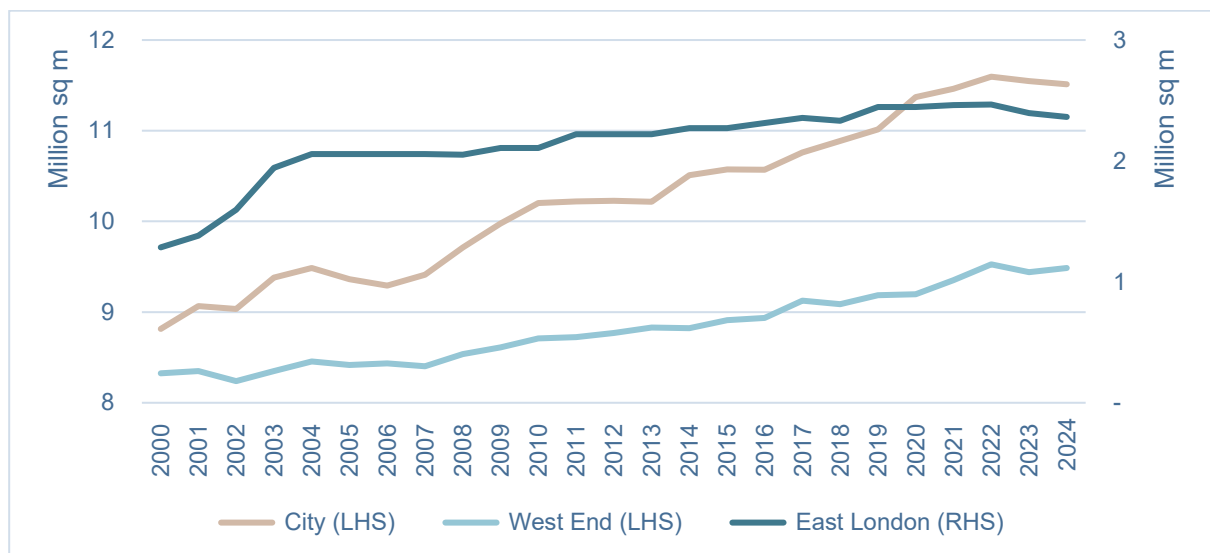
Map of Central London office stock



Source: JLL

- 5.8 JLL estimate that the current Central London office stock is approximately 23.36 million sqm with the highest concentration in the City submarkets followed by the larger geographical West End. All three main markets have seen an expansion in their stock over the long term, but more recently total stock has started to contract (see graph below).
- 5.9 In the West End, King's Cross has been the main growth area increasing by more than 40% over the last five years to 319,000 sqm but the West End also now encompasses the emerging markets of White City to the west and Battersea, Vauxhall & Nine Elms to the south of the river, which have added a further 620,000 sqm to the office footprint. This equates to around 7% of the total West End office stock.

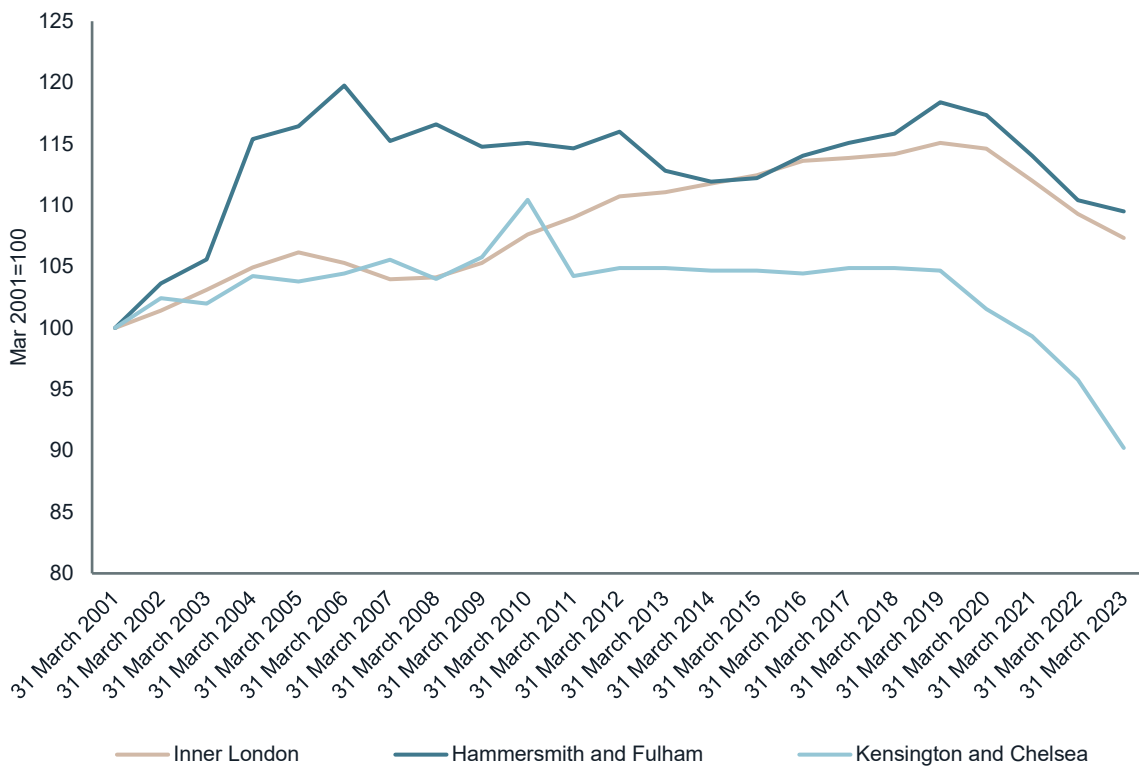
Central London office stock



Source: JLL

- 5.10 The Site sits astride the borough boundary between RBKC and LBHF.
- 5.11 LBHF is a larger office market, which encompasses the JLL and Knight Frank submarkets of Hammersmith and White City; both JLL and Knight Frank exclude Fulham from their definitions due to the relatively limited size of the office market. Valuation Office floorspace statistics have been used as the source for the office stock.
- 5.12 LBHF's office stock is estimated to be 726,000 sqm (NIA). The borough's office stock had increased steadily from a low of 742,000 sqm (NIA) in 2014, peaking in 2019 at 785,000 sqm. It has recorded a gradual decline since then, contracting by 7.5% but still remains a larger office market than back in 2001. This was primarily due to conversions to residential, but also there are examples of conversion to hotel and other alternative uses.
- 5.13 Conversely, RBKC is a small office market relative to its geographical footprint. RBKC has an estimated office stock of c.406,000 sqm, which has declined from a peak of 497,000 sqm back in 2010. This 18% decrease in stock is one of the largest percentage falls out of any of the Inner London borough's and compares to an average decline of just under 7% across Inner London. Only Lewisham and Haringey have seen larger contractions in office stock, albeit they are smaller less established office markets. This means that around 91,000 sqm of offices have been lost to alternative uses across the borough.
- 5.14 These divergent trends are illustrated in the graph below which includes the Inner London trajectory and reinforces the contraction in office stock over the recent past.

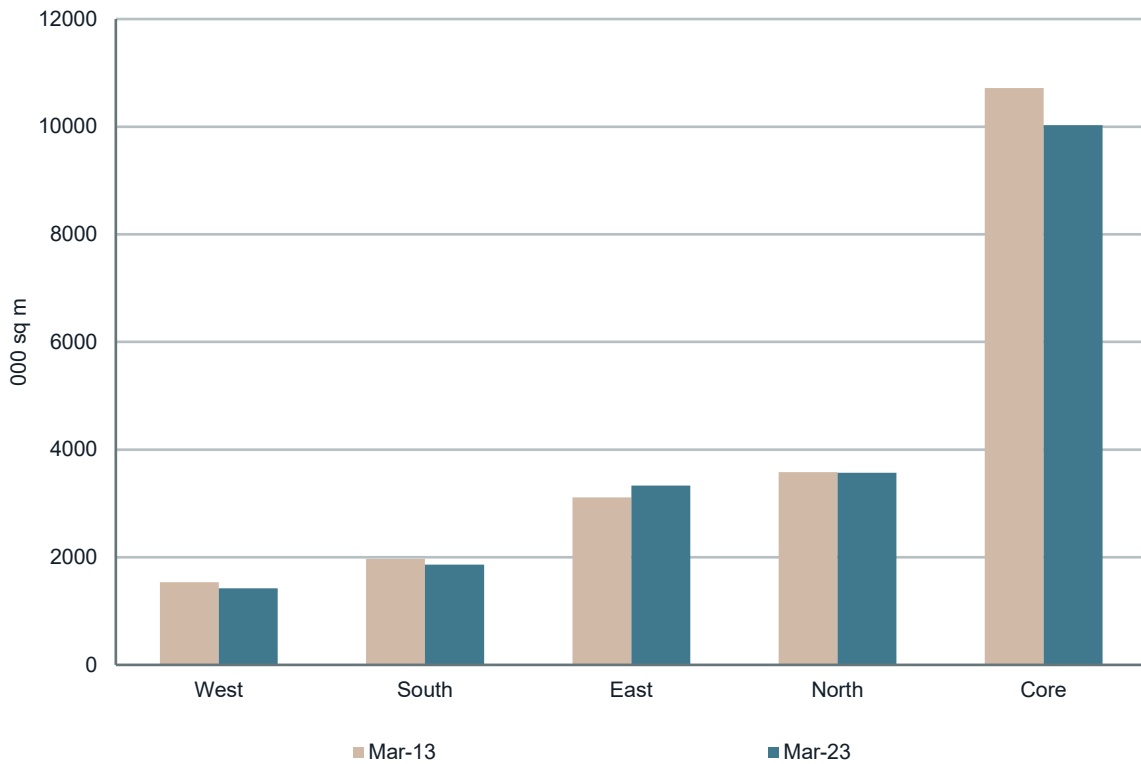
Change in office stock



Source: JLL/VOA

- 5.15 The growth in Inner London office stock has been driven by development activity in the eastern boroughs, while the west has seen a reduction in office stock. Policy and the availability of larger swathes of land has driven this shift in the location of offices across Central London. Over the last ten years, the inner London Boroughs of Hackney and Newham have seen growth of 33% and 58% in their respective stock, whereas RBKC and LBHF have seen their stock decrease by 14% and 3% respectively.
- 5.16 The figure below illustrates the aggregated situation, and clearly demonstrates the imbalance in the distribution of office stock around Central London and the dearth of office stock in the west compared to the east, as well as the trajectory in stock levels. This disequilibrium will be further exaggerated by the developments underway in both Canada Water and Brent Cross in the east and north. The Earls Court Development provides an ideal opportunity to redress this balance and bring equilibrium to the wider London office landscape.

Change in office stock by region of Inner London

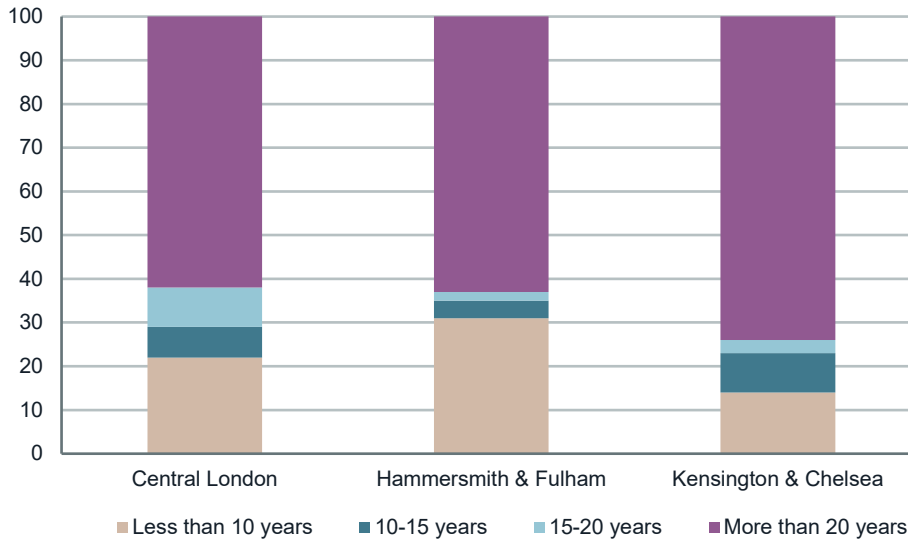


Source: JLL (Based on VO floorspace statistics)

- 5.17 The expansion of the London office market geography combined with an evolution in the needs of occupiers, with a focus on talent, agile working and amenity has seen an elevation in the quality of the London office stock over time. This is reflected in the proportion of the office stock that has been redeveloped or undergone significant refurbishment over the last 10 years.
- 5.18 This implies that the Earls Court Development represents an opportunity for West London to underpin its relevance as a location for business in comparison to other parts of the city. Over the last 25 years, Chiswick Park which now extends to approximately 158,000 sqm has provided corporate quality space for those companies looking to locate in West London whilst maintaining access to the M4 / motorway network. Chiswick Park is now fully developed. Since the 1980s Hammersmith town centre has provided large scale headquarter office buildings which have become home to companies such as Disney, L'Oréal, Virgin, Coca-Cola, and Harper Collins. A number of these businesses have left LBHF, however over the last 30 years office stock in Hammersmith Town Centre has grown to approximately 371,600 sqm and the opportunity in the

Hammersmith Town Centre market is to simply recycle the stock. More recently White City has become a recognised cluster for media, fashion, and innovation. A key point to recognise is that these three locations, which have been successful, are all nearing the end of the delivery cycle. The next significant opportunity for West London to deliver spaces is at Earls Court.

Age of Stock



- 5.19 The office stock in LBHF is of a similar age to the Central London average. Including refurbishments, and it is estimated that 63% of the office stock is more than 20 years old, which compares to 62% across the wider Central London market. Around 31% of the stock is less than 10 years old compared to 22% across Central London. However, this is distorted by the recent development of White City, which accounts for almost two-thirds of the more recently developed office space in the borough. In White City, around half of the office stock has been developed in the last ten years, compared to just 24% in core Hammersmith.
- 5.20 In comparison, RBKC office stock is generally older than both LBHF and Central London average. It is estimated that c. three-quarters of the office stock is more than 20 years old, and less than 15% of the stock is less than 10 years old. The quality of office space in the boroughs can also be demonstrated by considering the distribution of lodged EPC certificates as a proxy for quality. Within LBHF the proportion of buildings with an EPC A or B rating is similar to the Inner London average, this fades away for the lower ratings- 44% of floorspace has a rating of D or lower compared with 40% across Inner London. This indicates that more of the office stock in the borough will become obsolete over the next ten years as more stringent regulation is introduced around leasing energy inefficient spaces.
- 5.21 The quality of space within LBHF is higher than in RBKC, with a higher proportion of office achieving an A or B rating but this is primarily as a result of the schemes in White City and recent development around core Hammersmith. The spaces in close proximity to the Site are typically lower rated over the last 10 years just 4% of floorspace in the SW6 postcode area have achieved an EPC rating of A/B, compared to 42% in W12, reinforcing the trend for lower quality space in the vicinity of the proposed development.

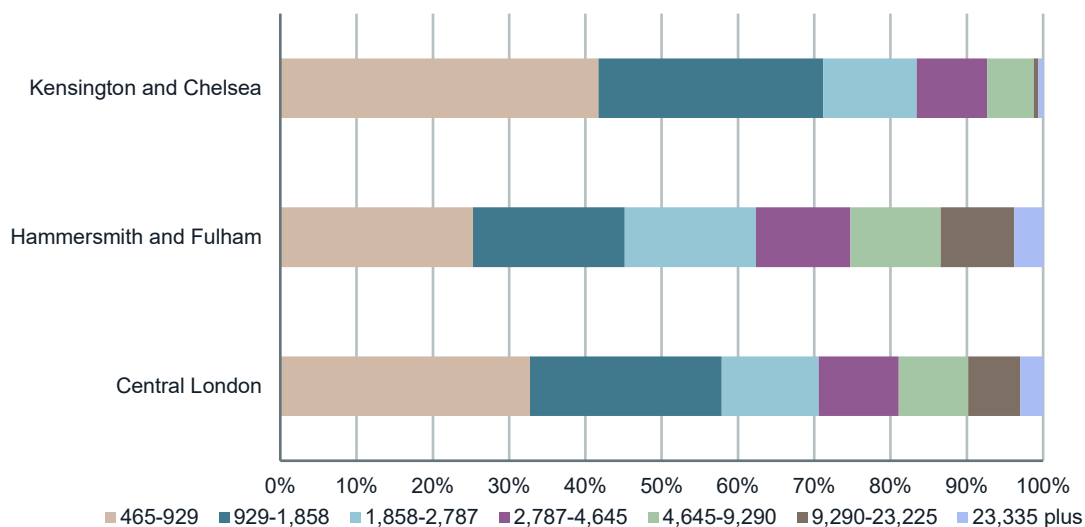
Distribution of office stock by lodged EPCs (by floorspace)



Source: JLL/ <https://epc.opendatacommunities.org> EPCS lodged 2013 onwards for B1 offices

- 5.22 JLL have carried out an assessment on the size of office buildings across the core markets in LBHF and RBKC which clearly demonstrates the small-scale nature of the existing office stock within RBKC. The analysis suggests that 42% of the built stock (by number) are in buildings of 464 - 929 sqm (NIA) which by extrapolation also suggests that they will have small inefficient floorplates. The analysis also shows that LBHF has a more diverse office base with 25% of stock being at this end of the size spectrum, which is below the Central London average. The distribution of office buildings in LBHF is not dissimilar to the wider Central London split and is skewed towards larger spaces.
- 5.23 Large buildings in LBHF are a mixture of ages, with 60% originally built more than 20 years ago. Of these, just under half have undergone major refurbishment in the last ten years, which means that many of these bigger buildings will also be poorer quality and not meet the needs of occupiers in the market today and in the future.

Office stock by size band (number of buildings)



Source: JLL

5.24 JLL’s stock database does not include buildings below 464 sqm but analysing third party data, it illustrates that RBKC has a higher proportion of spaces below 464 sqm than both LBHF and the Inner London average. LBHF has a higher proportion of units of less than 92.9 sqm than the Inner London average, and the majority of these are rated EPC D or lower. In fact, only 13% of all units under 464.9 sqm are rated EPC A/B compared to 26% of units over 464.9 sqm. This suggests that due to the size and specification of the units, it will be unviable to refurbish many of these smaller offices into spaces that today’s occupiers require.

Table 3: Office buildings by size

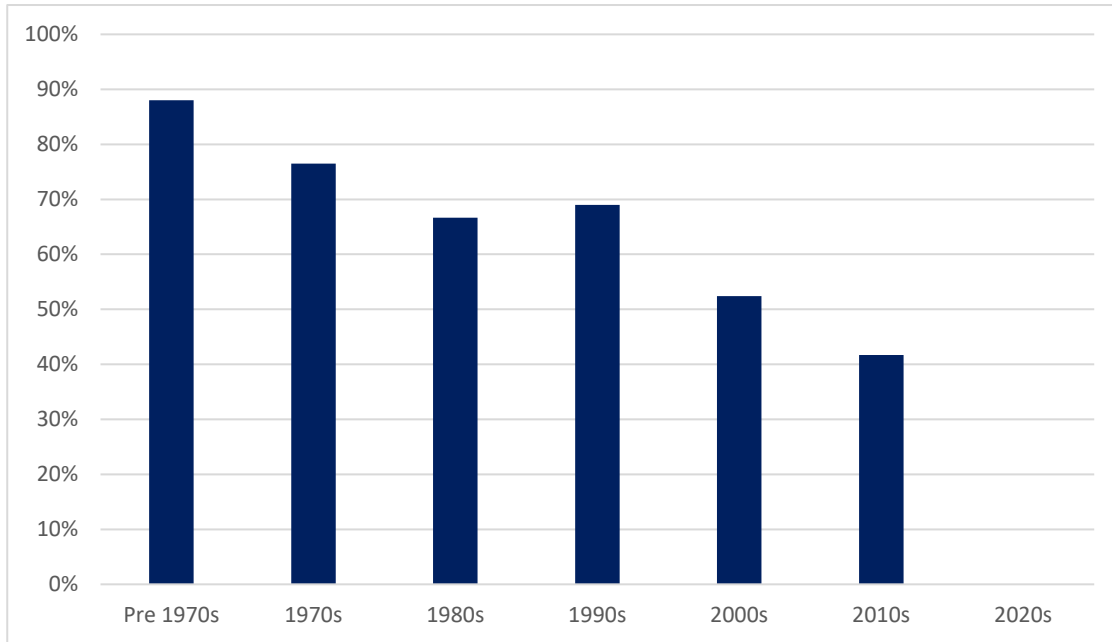
	<92.9 sqm	93 – 464.9 sqm	>465 sqm
Inner London	11%	39%	50%
LBHF	18%	40%	42%
RBKC	24%	44%	32%

Source: JLL/CoStar/Radius

5.25 The LBHF office stock is also characterised by buildings that have small floorplates, which are inefficient and not in demand from occupiers in the market today. Around half (49%) of office buildings¹ have an average floorplate size of less than 464.9 sqm (NIA). There is a correlation between the age of the building and the average floorplate size, with older buildings tending to have a higher proportion of offices with floorplates below 464.9 sqm. These buildings will become increasingly obsolete as occupiers focus on best-in-class spaces.

¹ Stock over 464.9 sqm

Proportion of offices by original age built that have floorplates below 464.9 sqm (LBHF)



Source: JLL/CoStar/Radius

6.0 Leasing Trends

Section Summary

The 'Flight to Quality' drives demand. The Earls Court Development will provide best-in-class space which will meet occupier requirements and attract new occupiers into the area.

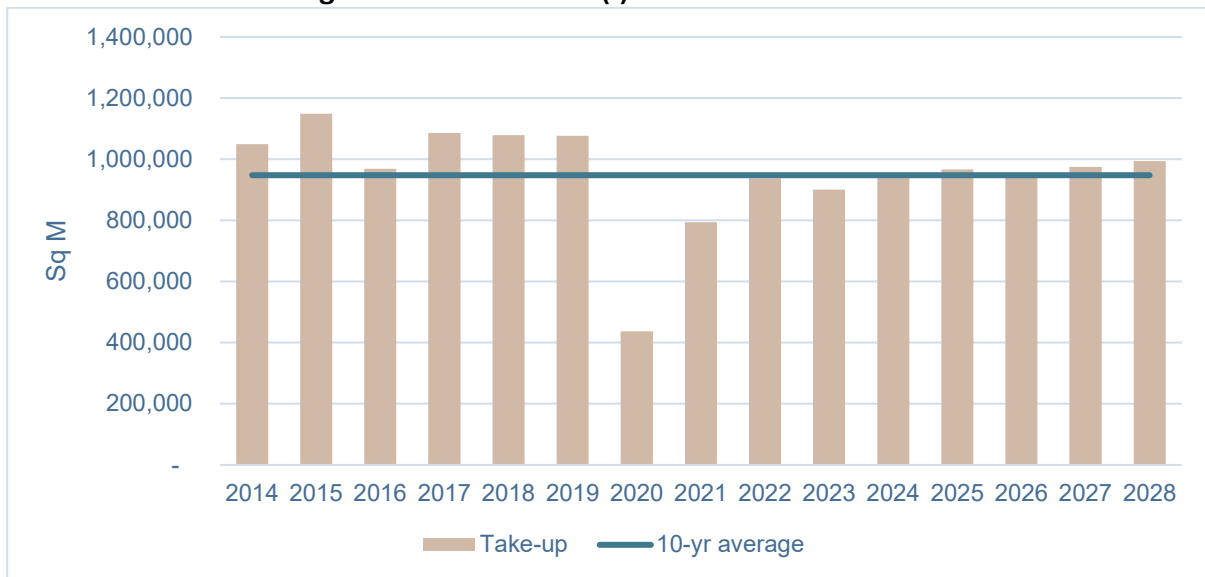
- 6.1 Leasing activity across Central London has been recovering from the Covid trough, with total volumes now trending back towards average. Occupiers are seeking best-in-class space, and this is demonstrated by over two-thirds of leasing activity focused on new and refurbished offices.
- 6.2 Demand for offices continues to be robust, and many large corporates are prepared to commit well in advance of when the space is needed. There is increasing evidence that occupiers are expanding rather than contracting, due to a combination of certainty around future office occupancy and changing office layouts.
- 6.3 However, leasing in LBHF has been relatively subdued overall but what is evident is good quality spaces have successfully let. Leasing activity has been dominated by new space, particularly around White City, as occupiers focus on space that is able to better meet the needs of occupiers in a post Covid environment. It is evident that poor quality or poorly located office stock that exists in the borough has struggled to attract occupiers.
- 6.4 To ensure that take-up levels across the boroughs achieve, at a minimum, the expected performance relative to the size of the submarkets, improvements to the quality of space are required to make occupiers consider RBKC and LBHF as a suitable office location.
- 6.5 The ability to develop floorplates and massing provides flexibility to accommodate Climate Tech to complement the proposed occupier mix and is a unique opportunity within London and the borough and will help to draw businesses to the area and create a flourishing community.

Activity and Take-up

- 6.6 Leasing activity declined sharply during the early part of Covid-19 lockdown (2020) but as restrictions were eased into 2021, the leasing market showed signs of recovery. The wider London office market started to recover during 2021 as lockdown restrictions were eased and pent-up demand came to the fore. This momentum continued into 2022, when 937,712 sqm was leased. This was just marginally below the 10-year annual average of 956,901 sqm.
- 6.7 Activity slowed in 2023, as weak economic and business sentiment affected decision making. However, there was an upturn in the final quarter which resulted in total 2023 leasing volumes of 900,525 sqm. The macro-economic trends continued to impact the market during the first three months of 2024, and were reflected in subdued leasing activity, with 139,355 sqm transacted, which was 25% lower than the amount leased in the corresponding period in 2023 (185,806 sqm) and 31% lower than the 10-year Q1 average of 204,387 sqm.

- 6.8 Demand for offices continues to be robust, despite the economic background. While many companies are still considering their longer-term occupational strategy, companies with lease events several years out are now starting to begin their search and are prepared to commit well in advance of when the space is needed. Occupiers are expanding rather than contracting, due to a combination of certainty around future office occupancy and changing office layouts.
- 6.9 The latest JLL take-up forecasts for Central London suggest that leasing volumes will be around the long-term historic average in 2024 (938,322 sqm) and should be marginally above average in 2025 (967,400 sqm). These forecasts are based upon economic and employment growth forecasts over the prevailing period. Furthermore, lower levels of demand for older stock that is no longer fit for purpose is likely to continue while demand for new and refurbished buildings will comprise the majority of future take-up. Knight Frank data for Q4 2023 showed that two thirds of all take up was for new or refurbished space.

Central London leasing volumes 2014-2028 (f)



Source: JLL

- 6.10 Average take-up across RBKC stood at 10,141 sqm per annum over the past 10 years with the pre-Covid years being hampered by good quality supply. Leasing activity has increased from 2021 onwards supported by take-up in new developments/refurbishments such as The Kensington Building, Lancer Square and Hoopers Court. These new developments have been successful in attracting new tenants such as Oakley Capital into the area.
- 6.11 In LBHF, average take-up over the past 10 years stood at 25,002 sqm per annum. There were strong levels of activity in 2017-2019 with occupiers such as Publicis Media, L'Oréal and Net-a-Porter focused on the new developments in White City. Activity post covid has been subdued with just 17,000 sqm per annum transacted in the period 2021-2023. There has been limited leasing in the vicinity of Earls Court, due to the lack of supply, with occupiers focused on White City and around core Hammersmith.
- 6.12 Over the last ten years, just 1.1% of Central London leasing activity has taken place within RBKC- suggesting that the market has underperformed relative to its size within Central London and that generally the space being marketed does not meet the needs of today's occupiers, through the limited and ageing stock of the area, or that companies are not currently drawn to these areas to locate their businesses.

- 6.13 LBHF activity has been more in line with its stock size, with 2.7% of leasing activity compared to 2.6% of Central London office stock. This has been driven by the delivery of new quality office space in White City that meets the needs of larger occupiers, who have migrated from other parts of London to find the right space and local environment.
- 6.14 Central London leasing is trending back towards pre-Covid averages and will be focused on areas where good quality office space is available. RBKC has continually underperformed relative to its office stock and this again links back to the quality of available space in the borough. The success of recent new developments in RBKC and the contrasting success identified in LBHF shows that demand does exist in West London, but this is focused on more recently completed stock, particularly around White City, which is able to better meet the needs of occupiers in a post Covid environment. It is evident that poor quality or poorly located office stock that exists in the borough will continue to struggle to attract occupiers.
- 6.15 To fully realise the potential as a thriving London submarket, superior space needs to be provided to ensure that take-up improves. The key ingredients of location within London and the socio-economic and demographic profile of both LBHF and RBKC indicate no reason for the area to not become a highly successful employment location, particularly in a post-Covid world where accessibility to the office and work-life balance will become essential. To ensure that take-up levels across the boroughs achieve, at a minimum, the expected performance relative to the size of the submarkets, improvements to the quality of space are required to make occupiers consider RBKC and LBHF as a suitable office location.

Short, Medium and Long-term Trends

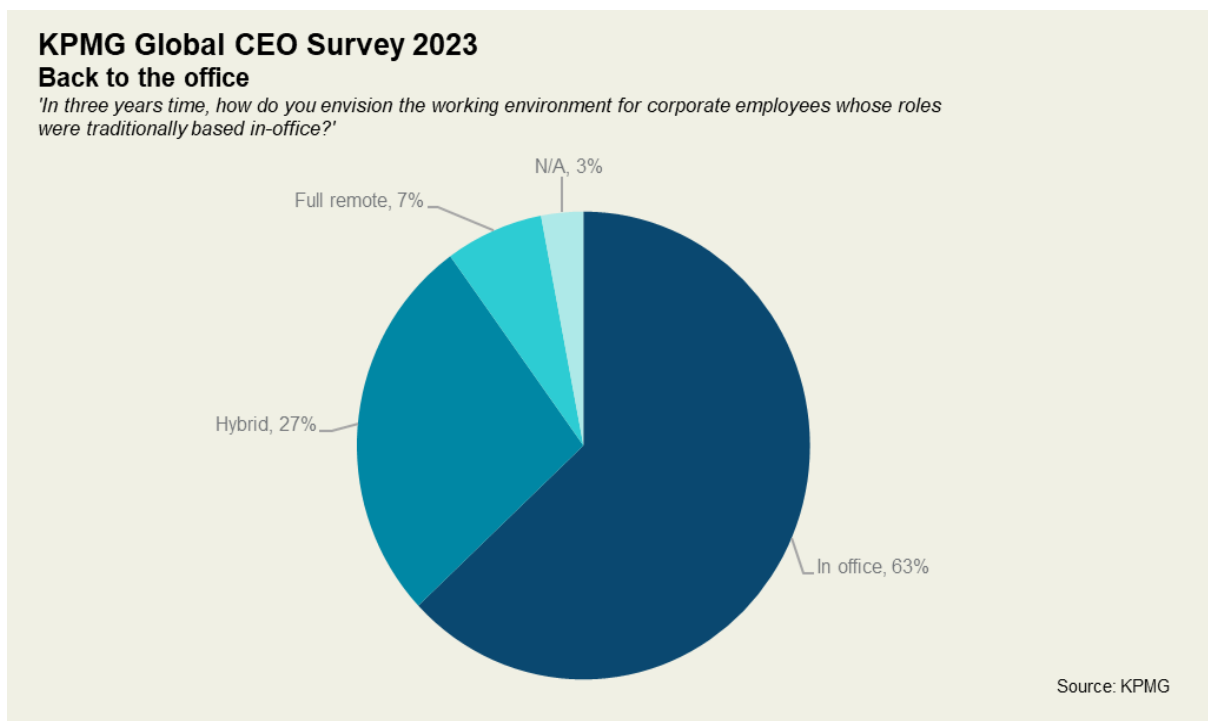
- 6.16 The role of the office continues to evolve post-Pandemic, with companies seeking to upgrade their spaces to make them more attractive ('commute worthy') and supportive of both remote and in-office work. This shift includes a strong move towards high-quality, amenity-rich, sustainable, and 'smart' office space.
- 6.17 While CEOs recognize the advantages of hybrid working, they generally prefer employees to work from the office and believe this can be achieved by providing the right workplace experience. Two-thirds of CEOs expect office workers to return within three years. Similarly, 67% of office workers state they would come to the office more often if the ideal environment were provided. Office needs are now focused on environments that boost productivity, promote wellbeing, and support personal growth.
- 6.18 There is a significant rise in the impact of ESG factors on real estate decisions, emphasising the importance of sustainability and smart technology in office design. In 2023, 42% of office leases were for buildings with 'Excellent' or 'Outstanding' BREEAM certifications, up from 28% in 2020.
- 6.19 Future prospects for the office sector appear robust. Good growth is expected in the local economy with an expected increase in jobs and higher gross value added in the next 5 to 15 years. The Proposed Development will focus on Climate Tech occupiers but will also rely on traditional office occupiers who will benefit from co-location with this sector; demand is expected to be driven by the information and communication and public administration sectors in the coming years and the provision of high-quality workspace at the Earls Court Development will provide the opportunity to capitalise on this demand.

Long-term Office Trends

- 6.20 The prevalence of hybrid working can still be seen across office markets as operators continue to develop their long-term workplace strategies. Triggered by the Pandemic, what has been

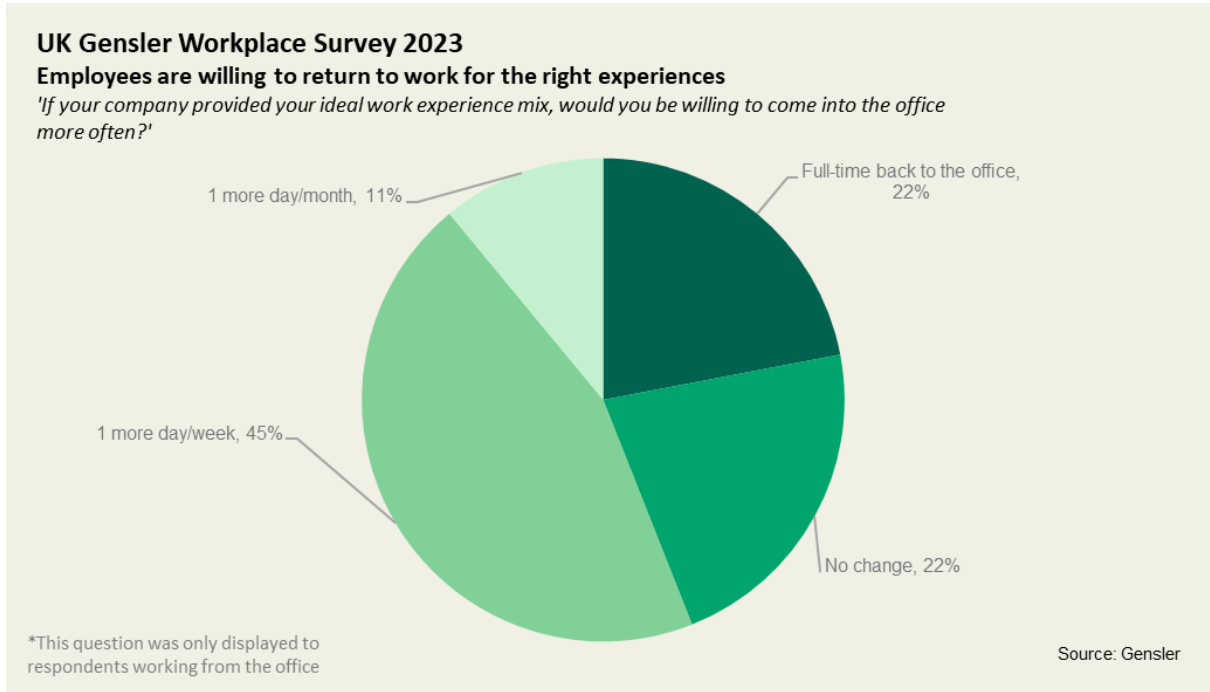
coined the 'Great Global Workplace Experiment' has led companies to trial many different working styles, as employees now expect more from their workplaces. Notably, this has caused a 'flight to quality' and shift toward higher value office spaces.

- 6.21 Whilst there is a continued experimenting with hybrid and flexible working, operators are having to rethink how space is used. What rings true across all operators is the need to craft a 'commute worthy' office – one that is amenity rich, inspires collaboration and creates a seamless transition between working from home and working in the office.
- 6.22 Whilst recognising the benefits of offering hybrid options to attract and retain talent, CEOs are keen to have employees back in the office to help them develop business and social networks. KPMG's 2023 CEO Outlook suggest that nearly two-thirds of CEOs believe corporate employees whose roles were traditionally office-based will be back in the office within three years. Further, those employees that do will be rewarded for doing so – 83% of CEOs are likely



to reward office-going employees with favourable assignments, raises or promotions.

- 6.23 Research by Gensler suggests that despite the average amount of time spent in the office during a typical work week reducing from 83% in 2016 to just 46% in 2023, on average, workers reported they would need to come back 66% of the time to maximise productivity. 67% of workers said they would return to the office at least one more day per week if the ideal workplace experience were offered. So, whilst hybrid work is here to stay, so is the office.



- 6.24 Companies are still grappling with the outcomes of the ‘Great Global Workplace Experiment’ that has unfolded over the past four years. Although news headlines will often focus on companies reducing their office space, this perspective overlooks the complexity of the situation.
- 6.25 Businesses across various sectors are still evaluating and adapting to changes, and making more thoughtful, forward-looking decisions about their workplace strategies, reflecting a range of adjustments.

For example, most recently announced:

Table 4: Recent workplace strategies		
Company	Strapline	Geography
Herbert Smith Freehills	‘HSF Deal’ established post-Pandemic gives employees the freedom to work flexibly from home up to two days a week.	Global
Arcadis	‘Global Workstyle Promise’ embeds a culture of trust, allowing employees to work wherever is best for their mental and physical wellbeing.	Global
Janus Henderson Investors	Employees can be afforded Alternative Work Arrangements on a case-by-case basis to benefit from both home and office environments.	Global

Bristows	Wants the 'best of both worlds' whilst viewing its London HQ as the 'mainstay of our culture and success', allowing employees to spend up to half the working week at home.	London
Siemens	Grant flexibility to work remotely 2 -3 times a week.	Global
Rockstar Games	Requested employees to return to the office full time	Global
Deutsche Bank	Banning work from home consecutively on Fridays and the following Monday. Mandating managers attend office for four days a week, with other employees expected to be onsite three times a week starting June 2024.	Global
L'Oréal	Employees must work from the office on at least two Fridays every month.	Global
Meta	Employees must work from the office on at least three days a week.	Global
Google	Employees must work from the office at least two days a week.	Global

Source: Various, Knight Frank

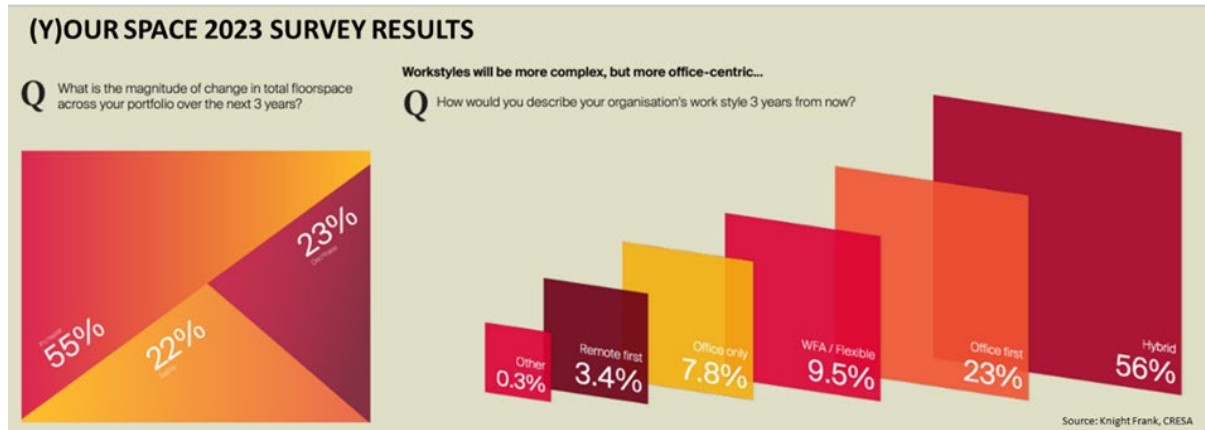
- 6.26 These recent examples illustrate the diverse approaches that companies are taking as they refine their workplace strategies in response to recent global shifts.

The future of workplaces – what occupiers are demanding

- 6.27 Qualitative research reveals that the role of the office is continually evolving, and contrary to prior belief, on a structural incline. Knight Frank's 2023 global (Y)OUR SPACE survey reveals that real estate is to some extent becoming more of a strategic device within businesses. Professionals understand the importance of real estate in attracting and retaining talent and as

such, 55% of respondents expect floorspace across their portfolios to increase over the next 3 years – albeit hybrid working will remain prevalent, with 55.7% indicating this will remain embedded in their work style.

- 6.28 The (Y)OUR SPACE survey provides valuable insights into the evolving needs of office users for their future workplaces. Key findings indicate a demand for enhanced amenities, increased collaborative spaces, more opportunities for desk sharing or hot-desking, and a general uplift in the quality of office environments. These trends were already emerging before the COVID-19 Pandemic and have been shaping the specifications for modern office spaces.

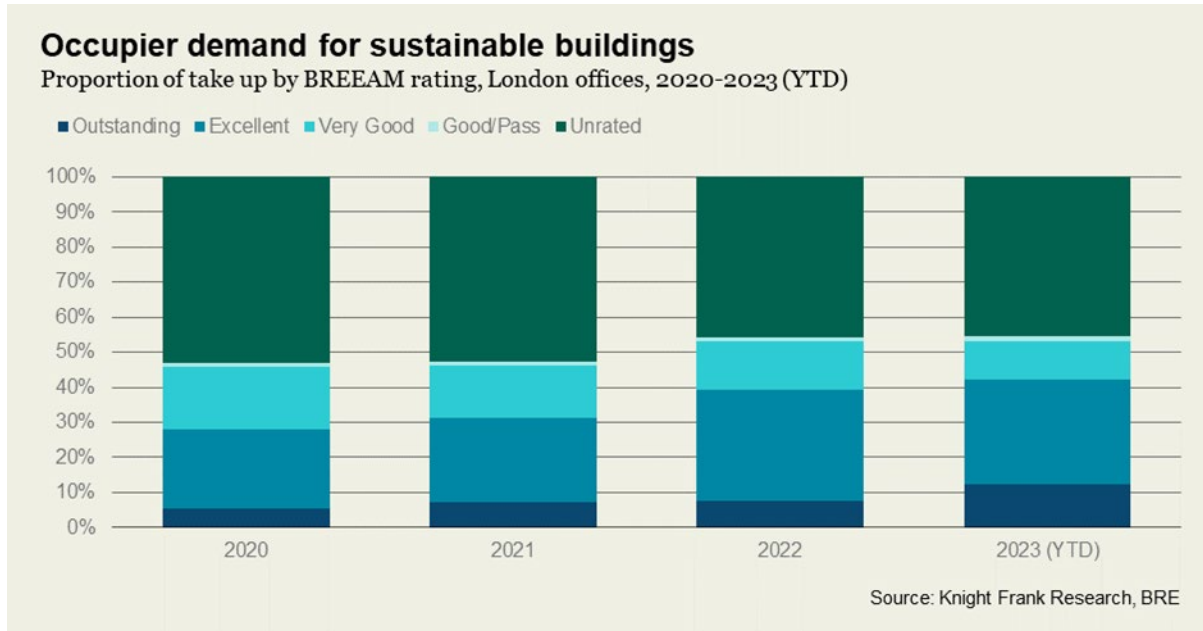


- 6.29 45% now anticipate more amenities in and around their workspaces within the next three years, with 200 respondents expecting the quality of space in their office portfolios to increase over the same time period.
- 6.30 Many requirements reflect the growing focus on employee well-being, with the top amenities sought being those that support mental health, such as sanctuary rooms, access to fresh air, and quiet spaces for reflection.
- 6.31 There's also a rising emphasis on personal growth, with a quarter of respondents noting the need for educational facilities like classrooms and libraries as part of future office amenities.
- 6.32 Another significant theme from the survey is the impact of environmental, social, and governance (ESG) factors. Nearly three-quarters of respondents believe that ESG considerations will moderately or significantly influence their real estate decisions over the next three years—a notable increase from just over half in 2021. This trend is particularly pronounced among larger organisations, driven by intensified scrutiny from investors, employees, and regulatory bodies.

Sustainability

- 6.33 Sustainability efforts to reduce carbon emissions are increasingly becoming integral to UK corporate culture. Real estate is crucial in achieving net zero carbon emissions targets, as 40% of the UK's carbon footprint originates from the built environment. Consequently, more companies are seeking to align their real estate strategies with sustainability, health, and wellbeing goals. This shift in corporate culture, coupled with stricter regulatory standards, is driving substantial changes in the construction of new office buildings and the layout of spaces.
- 6.34 Recent leasing activity in Central London is showing a clear trend that where there is demand for office space it is directed towards best-in-class buildings to meet with the sustainability, health, and wellbeing of occupiers. Of the 4,500+ leasing transactions in Central London from 2020 – 2023, there has been a substantial rise, from 28% to 42%, in the share of leases for buildings

with the highest BREEAM 'Excellent' or 'Outstanding' certifications. This is in line with the rise of take-up for new or refurbished space, which has gone from 56% in 2020 to 63% in 2023, with just over half (51%) of this space for 2023 rated BREEAM 'Excellent' or 'Outstanding'.



- 6.35 The shift underscores the increasing importance occupiers place on environmentally conscious and sustainable properties, presenting a compelling opportunity for property investors and occupiers alike. Research by Knight Frank found that Central London offices command a rental and sales premium for BREEAM certified buildings. For those rated 'Excellent', the sales premium was 10.5%, when compared to the equivalent unrated building, with a rental premium of 4.7%. However, the rental premium was far higher at 12.3% for 'Outstanding' rated buildings. Additionally, Knight Frank's ESG investor survey found that 77% of investors now have minimum environmental certification criteria when assessing new acquisitions.

Placemaking

- 6.36 Placemaking is a collaborative process crucial to the real estate industry, where developers and property owners enhance the local environment around their buildings to deepen the connection between people and places. This approach not only focuses on enhancing the physical, cultural, and social aspects of a city or neighbourhood but also aims to foster a sense of community and belonging by creating or restoring a distinct identity for each place. This is becoming increasingly important as people demand more from their workplaces and recreational areas, seeking destinations that attract diverse groups and encourage engagement.
- 6.37 In London, placemaking principles have been integral to new mixed-use developments, especially around the Crossrail's Elizabeth line stations. These developments are designed to be walkable communities where people can live, work, and socialise, reducing the need for long commutes and improving access to amenities, services, and jobs. For example, Paddington Square has become the West End's newest hub for working, shopping, and dining, designed to attract not only office workers but also commuters, tourists, and local residents, which supports its long-term sustainability.

The Crossrail Effect: How the Elizabeth line is transforming the capital

Since 2012 there have been:



171

hotel openings within a mile of central London Elizabeth line stations.



197

coffee shops have opened within a mile of central London Elizabeth line stations.



312

pubs & bars have either been opened as new or opened post renovation works within a mile of the new Elizabeth line stations.



12

new museums and art galleries have opened within a mile of these locations.



2,157

restaurants have had openings over within one mile of these locations.

Source: Knight Frank, London Property Alliance

- 6.38 From an office perspective, effective placemaking results in more loyal tenants and attracts new ones by developing a diverse and exciting mix of real estate uses that complement the office culture.
- 6.39 Knight Frank's research in conjunction with the London Property Alliance has shown the positive impact of placemaking principles on creating thriving and vibrant new business districts. Specifically, the areas around Crossrail stations have seen significant growth since 2023, with more than 2,157 new restaurant openings, 171 hotel launches, and 12 new cultural venues, contributing to a vibrant and dynamic community that increases occupiers' attraction.

Smart Offices

- 6.40 As the digital landscape evolves, technology is being seamlessly integrated into the architecture of buildings, fostering the development of 'smart buildings'. These buildings utilise an intricate network of sensors, data, and software to optimise the experience of their occupants, maintain peak operational performance, and minimize operational costs.
- 6.41 The Internet of Things (IoT)—a crucial catalyst in the emergence of smart buildings—employs actuators, energy meters, and sensors that connect over the internet, forming a rapidly expanding ecosystem. By 2025, it's projected that as many as 41.6 billion IoT devices will be deployed globally, enhancing various sectors including the real estate industry. In London, this transformation is vividly illustrated by a variety of smart office spaces:
- St James's Place at 50 Eastbourne Terrace features biophilic design elements enhanced by smart lighting systems that adjust based on occupancy and natural light, illustrating how different technological systems within a smart building can work together to create an efficient and desirable workplace.
 - 22 Bishopsgate exemplifies the integration of IoT in managing building operations from security to environmental controls, highlighting how interconnected devices can streamline operations and support high-performance building management.

- The Post Building uses heat mapping and CO2 monitoring to optimise space utilisation and air quality, demonstrating the potential of IoT to enhance workplace design and configuration, similar to techniques used in retail to assess space efficiency.
- The Edge London employs sensors to analyse workspace usage, optimising physical resources and supporting flexible work arrangements, underscoring the IoT's role in adapting workplace environments to changing occupational dynamics.
- The JJ Mack Building incorporates an extensive sensor network monitor air quality and occupational density, allowing systems to be run on a needs basis, saving cost and energy consumption. The building's digital twin allows for very granular levels of control, down to individual light fittings, adjustable from an app.
- 100 Liverpool St smart building strategy incorporates British Land's BL:Connect platform gathering real-time data from 9,000 assets including fan coil units, escalators, and light bulbs, allowing optimal space utilisation, and improving cost and energy efficiency.

6.42 These examples reflect the ongoing shift towards more sustainable, smart, and responsive office environments. This transition not only caters to immediate operational needs but also sets a new standard in the design and functionality of workplace environments.

7.0 Office Market Demand

Section Summary

Conservative projections of future employment growth suggest strong demand for office space in RBKC and LBHF. Moreover, there is a high level of structural demand i.e., lease expiries occurring over the next 10-years and a limited development pipeline to accommodate this demand. The proposed delivery of best-in-class workspace as part of the Earls Court Development will put the Site in a good position to help to service this demand, retaining expansionary local businesses and attracting relocations from other London submarkets.

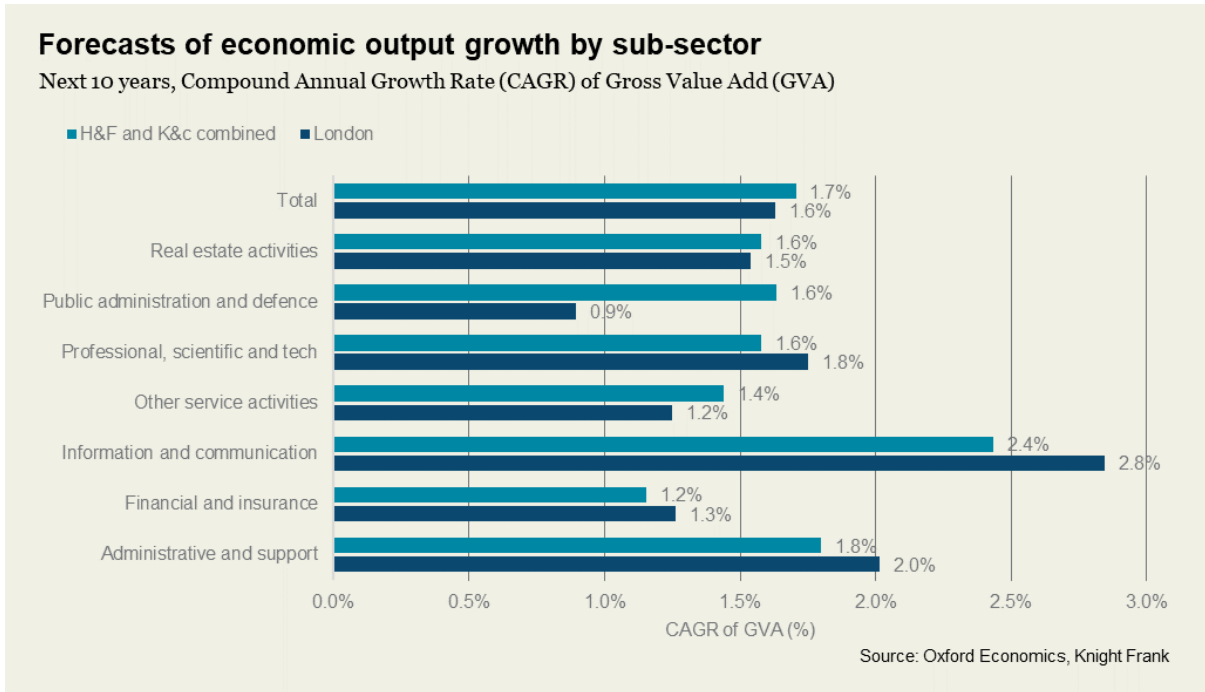
- 7.1 Future demand prospects for the office sector appear robust, with good growth expected across the local economy. Seven core sub-sectors (Real Estate, Financial & Insurance, IT, Professional, Scientific & Tech, Public & Defence, Administration & Support, and Other Service Activities) are set to generate over 60% of gross value add by 2038 totalling £16.2bn according to Oxford Economic forecasts.
- 7.2 These sub-sectors are also anticipated to generate substantial employment opportunities, creating an additional 18,800 new jobs by 2038 according to forecasts. Specifically, three sectors are highlighted as drivers of this growth: a) Public Administration & Defence, b) Information & Communication, and c) Administration & Support, supporting demand for office space with increases in jobs and higher gross value add in the next 5-15 years.
- 7.3 The Information & Communication category includes emerging growth sectors such as Life Sciences, Fin Tech, Med Tech, and Climate Tech.
- 7.4 The evolving needs of these growth sectors will require adjustments in office supply, and future developments will need to adapt to the unique requirements of these industries to attract and accommodate burgeoning sectors.
- 7.5 Looking specifically at office-based employment forecasts, Oxford Economics predicts a net addition of 18,650 jobs by 2040, generating an increased demand for office space estimated at 186,500 sqm under current density assumptions.
- 7.6 It is important to note that these forecasts are based on current economic trends and do not account for future local developments or infrastructure improvements which could further increase job growth and space requirements. The projections should be viewed as extrapolated trends, providing a framework for potential growth but will naturally adjust as economic developments emerge.
- 7.7 Actual job creation and economic uplift is likely to exceed these predictions. On this basis, assuming a modest 10% uplift on office-based employment forecasts increases generated space demand to 205,150 sqm under current office density assumptions, and 237,974 sqm

under a scenario where office space per worker increases as occupiers demand more amenity-rich, flexible, and collaborative workplaces.

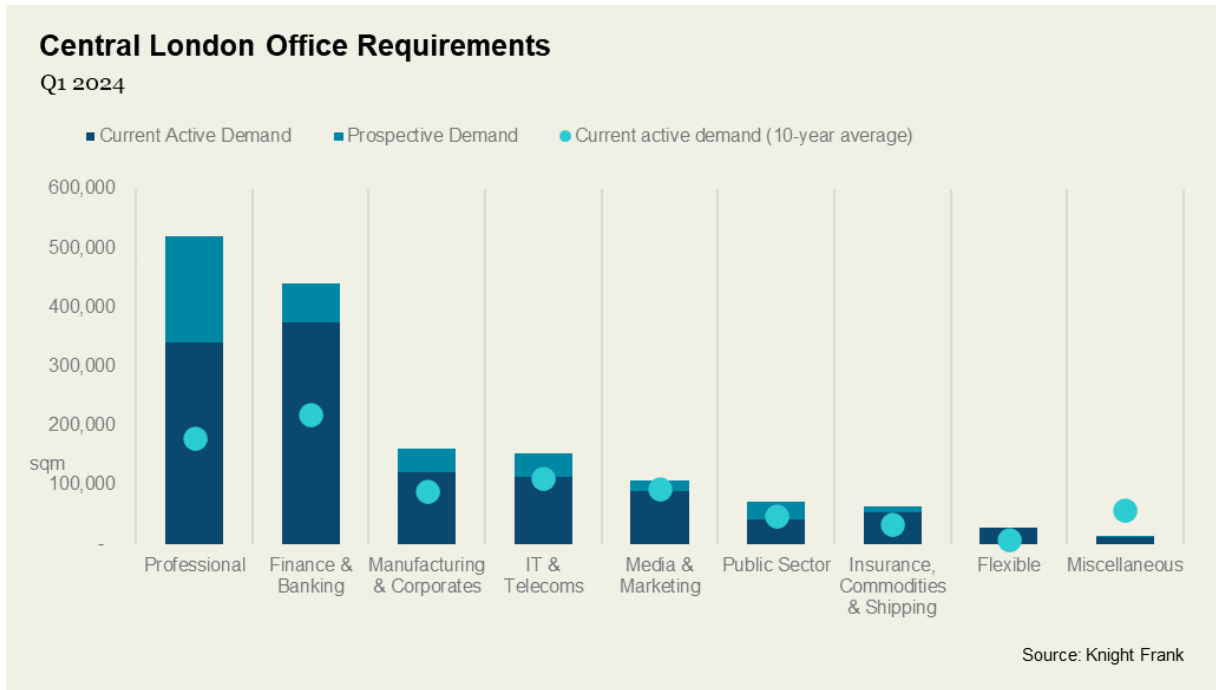
- 7.8 Strong projected growth in the local economy is being matched by above average active demand requirements for office space across London. Current active demand for office space (c. 900k sqm to 1.1m sqm) is well above the 10-year average (833k sqm), with occupiers showing increasing flexibility in their location preferences, casting their requirement net far and wide.
- 7.9 Across Central London almost 6.50m sqm of office leases are anticipated to expire by 2030 with almost 60% expiring between 2027-30. Moreover, 106,000 sqm of leases are expiring in buildings larger than 9,290 sqm.

Short to Medium-term Prospects for Demand

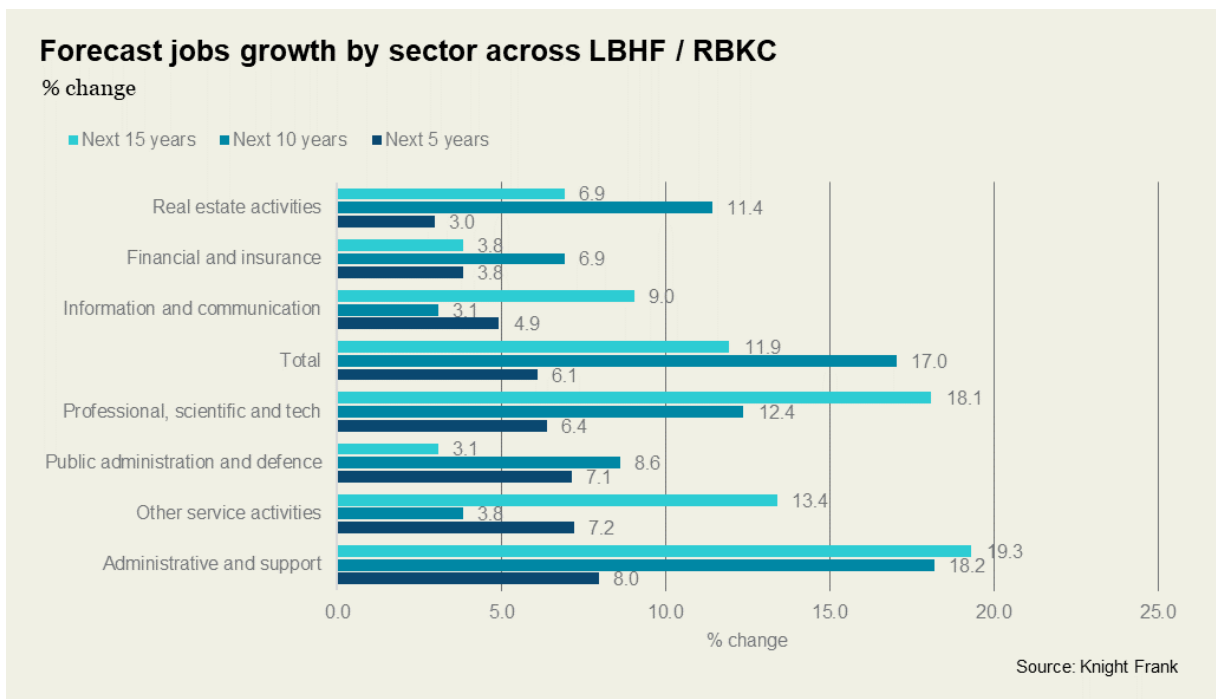
- 7.10 When evaluating the prospects of the London office sector, the first step involves analysing the anticipated growth in output of business sectors that traditionally utilise office space.
- 7.11 Analysis of the five-year annual average change, or compound average growth rate (CAGR), of Oxford Economic forecasts show that the Public Administration & Defence (+2.1% CAGR) and Information & Communication (which includes innovative sectors such as Climate Tech) (+2.0% CAGR) sectors will be the main drivers of growth over the next 5 years across LBHF and RBKC. Combined, these sectors will generate £5.6bn worth of gross value add (GVA) to the local economy by 2028, accounting for 25.1% of total GVA. This is substantially higher than the 16.9% London equivalent.
- 7.12 Over the medium-term (next 10 years) the Information & Communication (+2.4% CAGR), and Administration and Support (+1.8%) sub-sectors are forecast to lead with the highest rates of annual growth. Additionally, Public Administration & Defence, Real Estate activities, Professional, Scientific, and Tech will all grow at a CAGR of +1.6% respectively.
- 7.13 Over the next 15 years, the Information & Communication (+2.6% CAGR), and Administration and Support (+1.9%) sub-sectors are forecast to lead with the highest rates of annual growth. Additionally, Public Administration & Defence (+1.5%) and Other Service Activities (+1.4%) show higher growth rates than the London average (+0.9% and +1.3% respectively).
- 7.14 Combined, these seven sub-sectors are forecast to generate £16.2bn worth of gross value add (GVA) for the local economy by 2038, accounting for 60.3% of total GVA. This highlights their critical role in the economic landscape and underscores the strategic importance of nurturing these industries to bolster long-term prosperity.

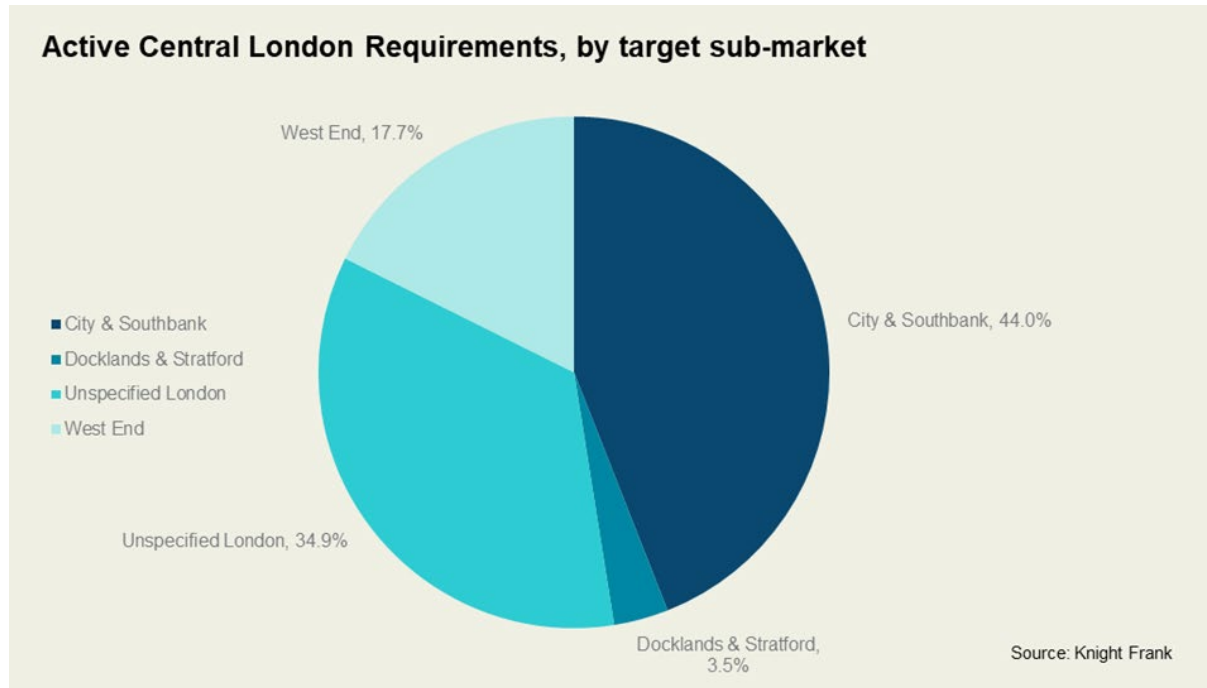


- 7.15 In terms of jobs generated, it is expected these sub-sectors will add an additional 8,800 jobs by 2028, 14,200 jobs by 2033 and an additional 18,800 by 2038. Over the next five years, employment in Administrative and Support will grow by +8.0%, Information & Communication by +4.9%, and Professional Scientific by +2.4%. Combined, these sub-sectors will add 6,900 additional jobs alone by 2028, rising to 16,300 by 2038.
- 7.16 Notably, three sectors stand out over the medium-term horizon with double-digit growth in job numbers forecast over next ten years: Administrative & Support (+18.2%, adding +4,800 jobs), Professional, Scientific, & Tech (+17.0% / +6,400), and Other Service Activities (12.4% / +1,200). This equates to even stronger growth over the next 15-year period: Administrative & Support (+19.3%, adding +5,100 jobs), Professional, Scientific, & Tech (+18.1% / +6,800), and Other Service Activities (13.4% / +1,300). The space needs of these growth sectors, and their newly emerging sub-sector niches are likely to differ from those of traditional occupants in the existing office inventory. Therefore, future office supply must be tailored to accommodate these differences to attract companies from these sectors.
- 7.17 The resilience of near-term office demand is also highlighted by examining active demand data. This shows how much space (in excess of 930 sqm) is actively required by occupiers in the next 12 months. The most recent data shows that space requirements across Central London currently ranges between 900,184 sqm to 1,169,927 sqm, substantially above the 10-year average of 833,588 sqm. This increase is reflective of occupiers' mobility due to leasing events, expansion in high-growth sectors, and responses to growing obsolescence.
- 7.18 Certain sectors have requirements that are far greater than the average levels they have required on average historically in the last 10 years. Six out of nine sectors show current active demand above the 10-year average. The Professional, and Finance and Banking sectors stand out with current active requirements which are substantially higher than their long-term averages. Current active demand for the Professional sector stands at 339,979 sqm, compared to long-term average of 177,846 sqm. Adding prospective demand of 180,232 sqm takes total (active and prospective) demand to 520,210 sqm. Similarly, current active demand for Finance & Banking of 373,331 sqm compares favourably to the 10-year average of 218,880 sqm.



7.19 Further analysis indicates a growing trend among occupiers to be more flexible and less specific about the sub-markets within Central London where they intend to acquire future space. This is highlighted by the marked increase in active requirements in unspecified areas of Central London, which register at 34.9% (previously 8.0% in 2021). This is primarily due to the lack of best-in-class buildings in the traditional Central London sub-markets, meaning occupiers are more mobile, as evidenced in other parts of this report.



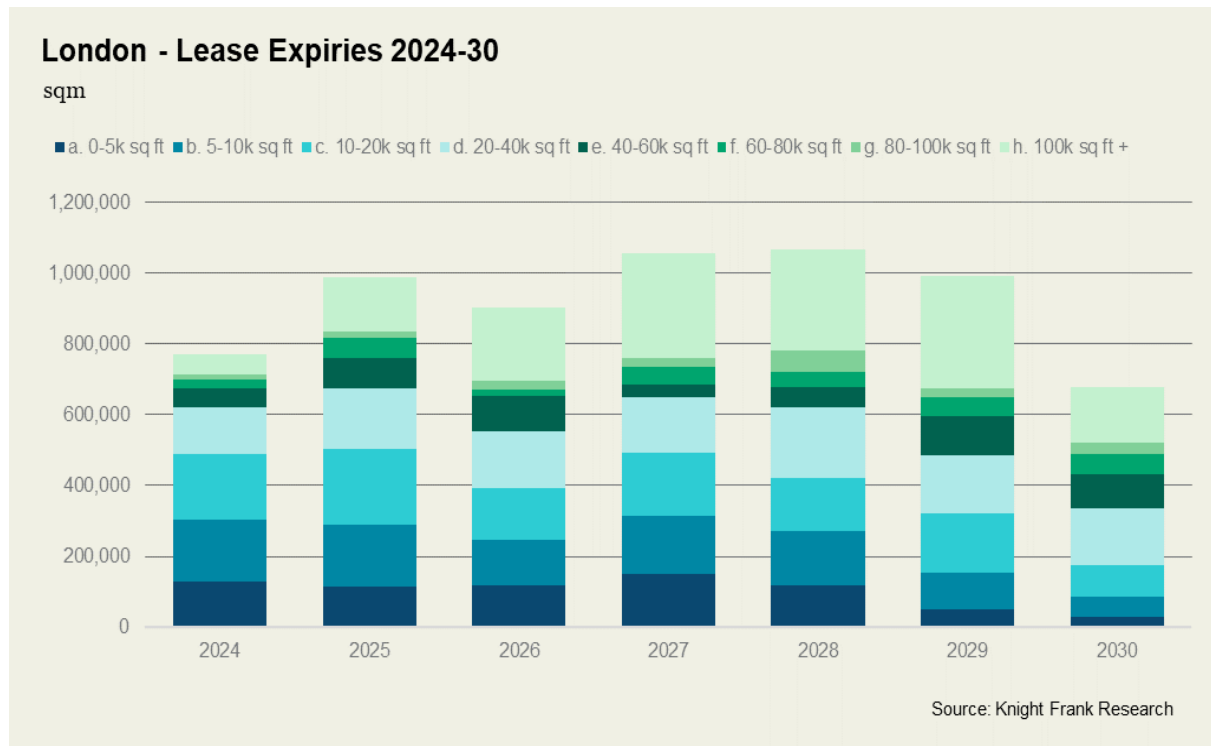


- 7.20 This should be viewed as a positive trend that the Earls Court Development can look to capitalise upon; the key driver of occupier take up is now quality of space, and the blank canvas that is the Site provides a unique opportunity to deliver this high-quality space in a central location that can become a clear alternative to more established commercial markets. Following the Pandemic companies have been focussed on creating a workplace that entices staff back to the office, with high levels of amenity; good quality space is vital to attracting and retaining talent. In addition to focusing on properties that provide the right level of environmental credentials, occupiers are looking for locations that deliver the right sort of social initiatives and it is clear that a newly developed campus can integrate these sustainability and wellbeing practices more effectively than singular development plots or refurbishment opportunities.

Forecasting Long-term Office Market Demand

Central London Lease Events

- 7.21 Across Central London an estimated 6.5m sqm of office leases will expire by 2030 with almost 60% expiring between 2027-30. Moreover, 106,000 sqm of leases are expiring in buildings larger than 9,290 sqm.
- 7.22 Although, some occupiers will choose to renew existing leasing arrangements the majority will be looking for alternative accommodation. This report highlights the current office development pipeline, both under construction and potential schemes with consent, will not be large enough to fill this level of structural demand. The lack of future best-in-class office space is compounded by the accelerated obsolescence of buildings which do not meet Energy Performance Certification ratings of A-B – a requirement of Minimum Energy Efficiency Standards legislation which could be implemented this decade.

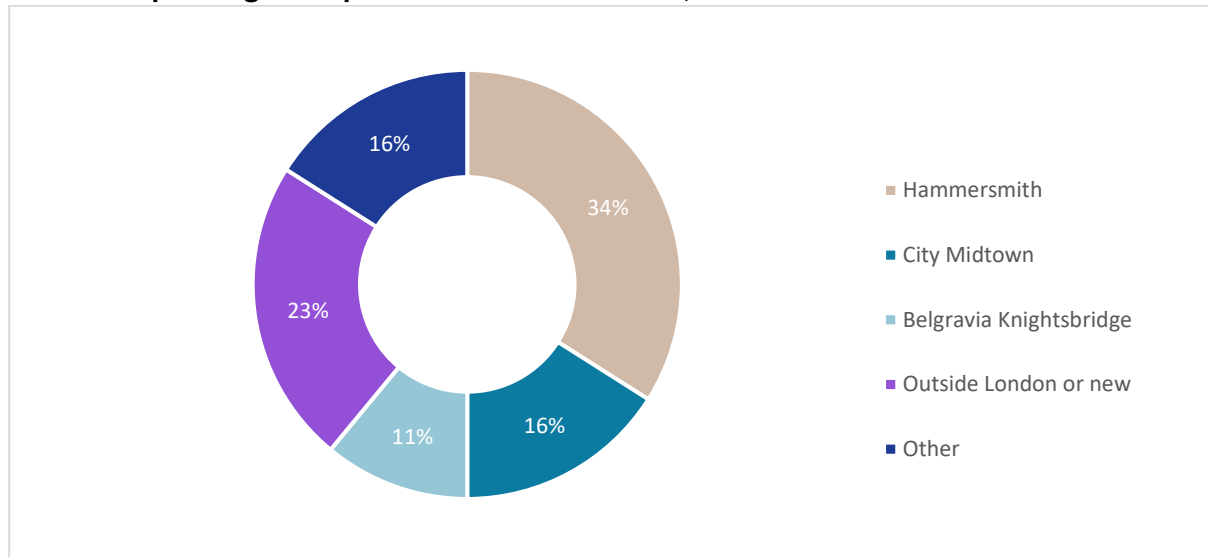


Occupiers from External Markets and London Submarkets

- 7.23 Occupier migration has been a key theme in the Central London office market in recent years, with several high-profile examples indicative of a wider trend of increasing tenant mobility. Occupiers are seen to be increasingly footloose and historic location ties have been eroded. Companies searching for space today have different requirements to the traditional office occupier base. Workplace design, health and wellbeing, activity-based working, sustainability, amenity, and flexibility are all high on the corporate agenda, as well as connectivity.
- 7.24 There has been a willingness for occupiers to move between London submarkets, especially for best-in-class office space. The creation of new submarkets like Farringdon, King's Cross and Southbank where there are an increasing number of best-in-class buildings being developed has enticed many occupiers to relocate from markets in which there is a lack of available top-quality space. Occupiers have moved to these fringe areas to take advantage of lower rents and to be closer to where their employees live.
- 7.25 JLL have analysed occupier migration across Central London for all occupier moves over 465 sqm between 2018-2023. A number of large occupiers have relocated out of the LBHF, such as Virgin Media to Paddington, Winton Capital to Knightsbridge, Luxottica to Kensington and Beauty Pie to Fitzrovia. But positively most occupiers remain within the borough. There has also been inward movement of occupiers from other parts of Central London and beyond. Occupiers originally based in Hammersmith, City Midtown and Belgravia Knightsbridge submarkets provided the largest share of migration to the Hammersmith and Fulham area, accounting for 61% of the total floorspace leased in that period. Occupiers moving from outside Central London submarkets such as Chiswick, Brentford and those who were choosing a new office for the first time accounted for 23% and the remaining movement was from other markets across the City and West End.

- 7.26 The redevelopment of the White City Place campus attracted occupiers into the area from neighbouring submarkets with core Hammersmith being one of the biggest losers. L'Oréal relocated to 11,241 sqm at Gateway House, moving from 255 Hammersmith Road. Other large occupiers moving out of Hammersmith into White City included Yoox Net-a-Porter, Accelerate Places and Autolus. This reinforces the message that occupiers are looking for best-in-class space, but that many occupiers within LBHF will remain within the borough if the right space is available, which enables them to retain their employee base.

LBHF occupier migration patterns - former location, 2018-2023



Source: JLL

Projected Employment Growth in RBKC and LBHF

- 7.27 Forecasts of employment growth in sectors which occupy office space have been sourced from Oxford Economics and show a net addition of 9,780 jobs between 2023 and 2030 across LBHF and RBKC. This rises to a net addition of 18,650 jobs between 2023 and 2040. **The forecasts are generated by extrapolating historic trends and do not consider the impact of any future development or infrastructure improvement at the local authority level.** Recent experience of growth in new Central London submarkets suggests a significant improvement to the local built environment can lead to far higher levels of jobs and output growth. The development of King's Cross is a prime example of considerable economic uplift that was not previously expected. Recent research highlights King's Cross could have supported much more office use. This is examined further in Section 13 of this report.
- 7.28 These forecasts have been used to estimate the net additional need for office space to accommodate the rise in employment and assume an average occupational density of 10 sqm per worker (British Council for Offices (BCO) Guide to Specification 2023).
- 7.29 In the base case scenario outlined, which assumes no change to occupational densities, the additional future requirement for office space is 186,500 sqm between 2023 and 2040, split 104,900 sqm in RBKC and 81,600 in LBHF. In a realistic scenario where average density per worker rises by 20% (to 11.6 sqm) due to greater levels of de-densification and provision of extra collaboration space, the potential additional office requirement is 216,340 sqm (2023 – 2040).

- 7.30 However, this requirement for additional office floorspace does not account for the uplift which arises due to the effect of developing a previously underutilised site. If employment growth is assumed to increase by an extra 10%, which is a very conservative assumption considering the uplift in new jobs that has occurred in the developments at King’s Cross and Southbank, this takes the total additional floorspace requirement to 205,150 sqm (2023 – 2040). This increases further to 237,974 sqm when factoring in a higher average density per worker of 20%.
- 7.31 These forecasts should be seen as conservative projections of the minimum future office requirement in LBHF and RBKC. They do not reflect any net addition to office space that is required to replace the ageing and increasingly obsolete stock, which is of lower quality, does not fit with space requirements of occupiers, and does not comply with regulatory standards. Furthermore, the uplift in jobs growth is likely to be far more than the 10% assumed. The King’s Cross development experienced almost a 240% increase in jobs.

Table 5: Forecast Additional Office Space Requirements

Expansion based on office-based employment growth	Additional floorspace requirements (<i>no additional employment growth or space density change</i>)	Additional floorspace requirements (<i>assume worker space density increase by 20%</i>)	Additional floorspace requirements (<i>assume additional 10% employment growth</i>)	Additional floorspace requirement (<i>Assume increased density and additional 10% employment growth</i>)
2023-2040	186,500	216,340	205,150	237,974

Source: Knight Frank, British Council of Offices, Oxford Economics

8.0 Office Market Supply

Section Summary

Future development is unlikely to come through at scale in LBHF/RBKC. The Earls Court Development is able address the shortfall in quality and quantity of supply and transform the area.

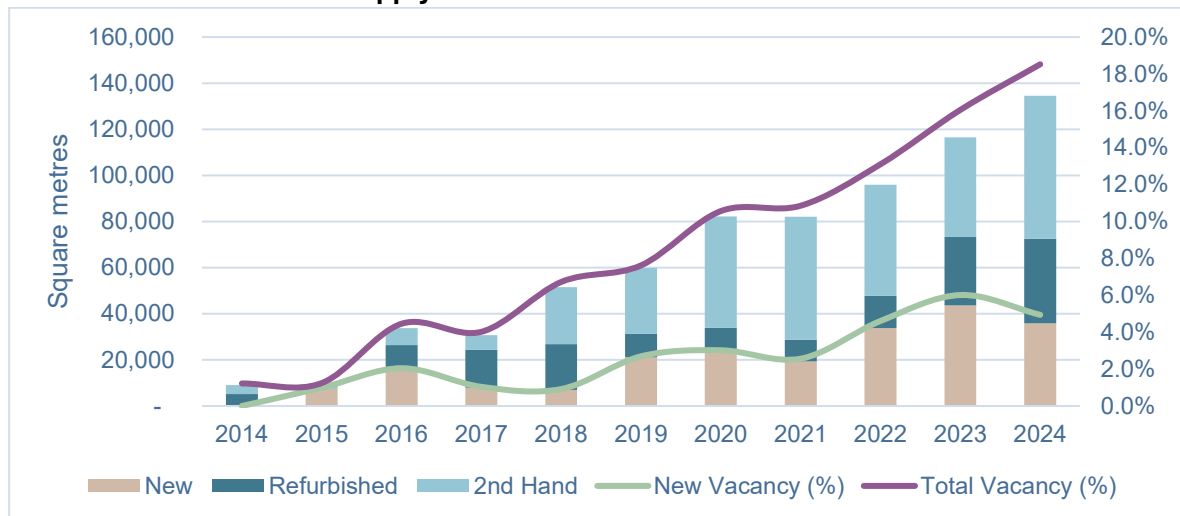
- 8.1 Supply across Central London has been on an upward trajectory since the Pandemic and remains high. However, due to the nature of take-up, the supply of new and refurbished space remains limited across the capital.
- 8.2 Both LBHF and RBKC have followed market trends in terms of overall supply rising and have seen total vacancy increase above both the Central London and West End vacancy rates. While the new build vacancy rate is above the Central London average in LBHF, this is concentrated in handful of buildings. This was boosted by the delivery of new build space in White City, with limited development in core Hammersmith.
- 8.3 The aggregate development pipeline suggests that there are opportunities for significant supply to be delivered across both LBHF and RBKC, but in reality much of the pipeline is unlikely to commence. There are only a handful of schemes that could come forward by 2026 and these are spread across the borough. Beyond this date, completions are likely to be limited due to a number of obstacles. Knight Frank and JLL's research has shown the construction market is challenged by the high cost of commercial development and raising attractively priced financing if the developer has not secured pre-lets which effectively de-risk a project.
- 8.4 The lack of quality space available now and in the medium term across the boroughs will deter future leasing activity, as occupiers increasingly focus on best-in-class space that is available in other locations across London. The Proposed Development provides a significant opportunity, however, to deliver the quantum and quality of office space that could transform the office market into a world class destination.
- 8.5 Assessing the future supply against the demand scenarios, suggests that there will be a shortfall in terms of future supply in all scenarios across LBHF and RBKC and that there is capacity for the Proposed Development to deliver office space to meet this supply gap.

Office Market Supply

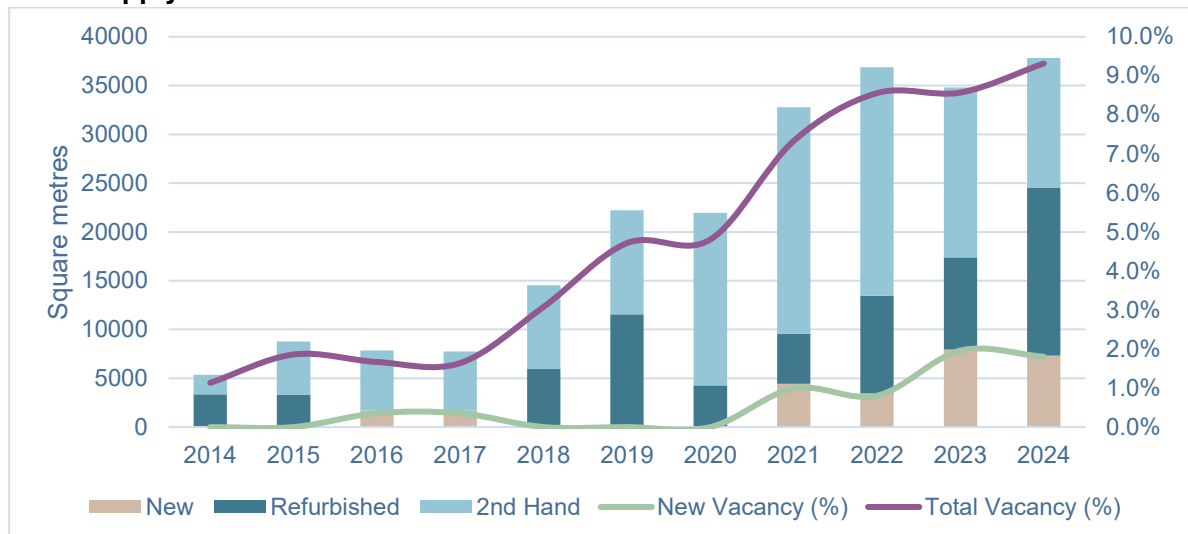
- 8.6 Central London supply increased rapidly in the immediate aftermath of the Pandemic and remains high. At the end of March 2024, the overall vacancy rate had risen to 8.8%, although there has been a tentative decrease in supply during the latter part of 2023. The new build vacancy rate also crept up to 1.5% as several new schemes were completed, while the refurbished vacancy rate stood at 1.9% at March 2024. This rising trend was evident across all markets, albeit the market has started to diverge, with the City showing tentative signs of vacancy levels contracting, due to stronger take-up, while the West End continues to rise due to relatively high volumes of development completions being delivered.

- 8.7 Both LBHF and RBKC have followed market trends in terms of overall supply rising and have seen total vacancy increase above both the Central London and West End vacancy rates.
- 8.8 LBHF supply has been on an upward trajectory since 2021, and at the end of Q1 2024 the vacancy rate stood at 18.5%, which was in part due to the delivery of new space onto the market over this period, alongside a slower leasing market. Several large schemes dominate supply in the borough, namely Gateway Central, White City (14,700 sqm completed 2022), The Ark, 201 Talgarth Road, Hammersmith (12,400 sqm completed 2023) and 245 Hammersmith Road, Hammersmith (11,400 sqm completed 2019). Nevertheless, there are signs that new and refurbished space is being absorbed and supply is contracting across the borough, in contrast the availability of second-hand space continues to rise. The new build vacancy rate fell below 5% during the first three months of 2024. New space is available in only a handful of buildings across the borough and provides limited choice to any occupier seeking best-in-class space at scale in either core Hammersmith or White City.
- 8.9 The lack of quality space available in the boroughs will deter future leasing activity, as occupiers increasingly focus on best-in-class space that is available in other locations across London. The Earls Court Development provides a significant opportunity, however, to deliver the quantum and quality of office space that could transform the office market into a world class destination.

Hammersmith & Fulham Supply



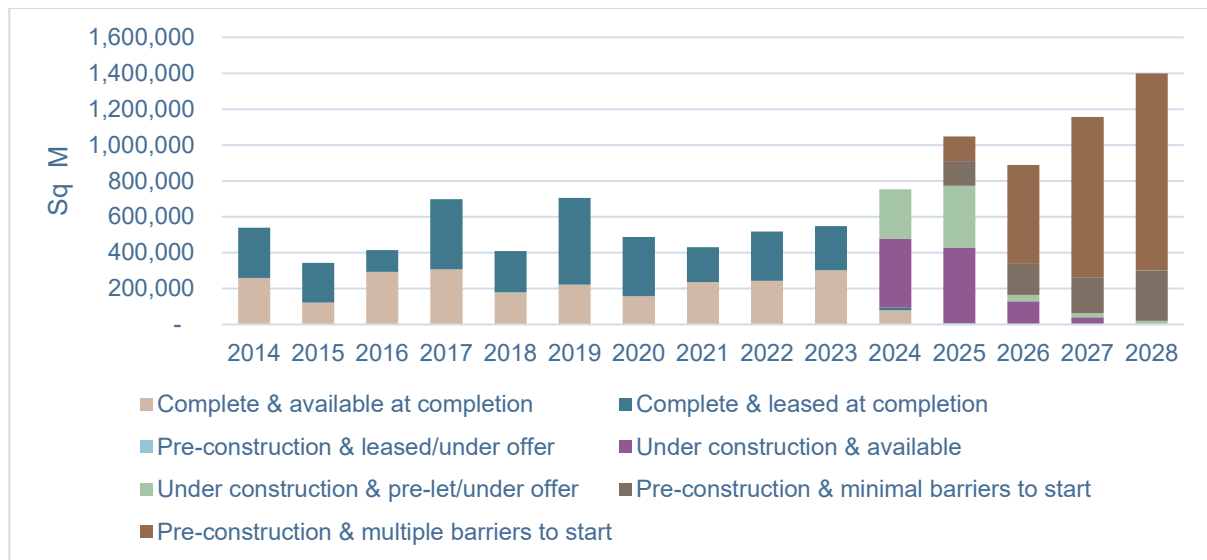
RBKC supply



Central London development pipeline

- 8.10 Central London development completions – new or comprehensive refurbishments – totalled 5.2 million sqm between 2014 and 2023. It is estimated that 518,900 sqm of space has been completed each year since 2014 (inclusive) in Central London, with peaks in 2017 (668,900 sqm) and 2019 (706,065 sqm). On average, just over half (54%) was let on completion-see graph- which means that 2.4 million sqm was completed speculatively over this period. This compares to a long term (20 year) average of 419,170 sqm per annum, or around 2% of current stock being replaced each year.

Central London development pipeline



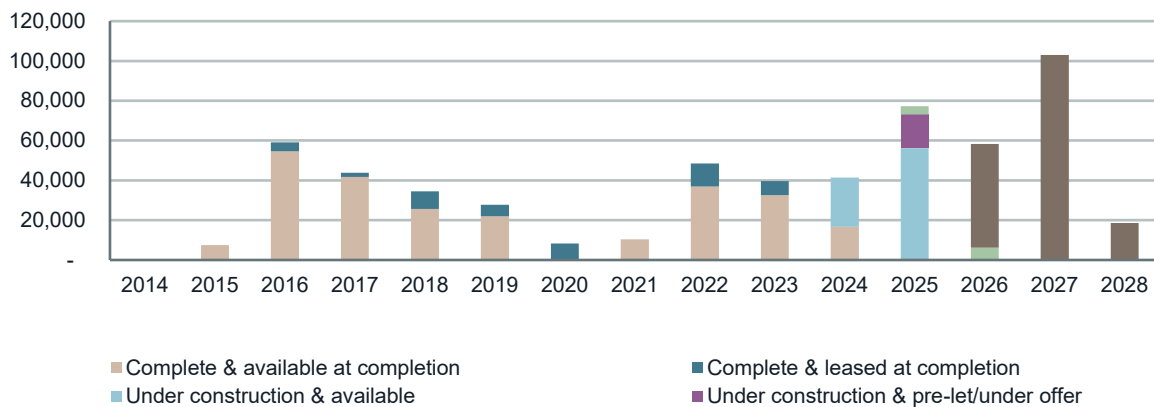
- 8.11 Development completions in LBHF have been dominated by White City over the last ten years with over 144,000 sqm completed compared to c86,000 sqm in core Hammersmith. Most space delivered in Hammersmith has been speculative, with just one pre-let delivery in the last ten years. There has been a dearth of new development in core Hammersmith, with no new schemes delivered between 2020-2022 (inclusive). Completions during this period were delivered in White City, and there was evidence of pre-letting in the market for these schemes.
- 8.12 The delivery of newly developed space is expected to peak over the next two years. JLL anticipate that 28,400 sqm will be delivered speculatively in 2024 and 47,000 sqm in 2025. There is one scheme underway in White City- The Hub- which is expected to complete in 2024 and no further development is anticipated to come onstream without a pre-let in place in this part of the borough.
- 8.13 In Hammersmith, both the Refinery ARC and Olympia are underway and should complete in 2024 and 2025, respectively. The refurbishment of 43 Brook Green should start imminently and is expected to be delivered in 2026. While the pipeline remains large, much of the space with planning permission/application will struggle to break ground in the medium term. High construction costs, lack of funding and developer appetite are acting as a hindrance to activity on site. There are currently no schemes in the pipeline that could deliver from 2026 onwards, that do not have multiple barriers to starting.

Table 6: LBHF/RBKC 9,290+ sqm development pipeline

Address	Total Scheme Size (Sqm)	Development Condition	Planning Status	Earliest completion year
Refinery, ARC West London, W6	11,427	New (note, firm focus on lab users, not traditional office tenants)	Under construction	2024
Olympia London, W14	49,580	New	Under construction	2025
Barkers Building, Kensington High Street, W8	23,504	Refurbished	Under construction	2025
43 Brook Green, W6	11,148	Refurbished	Under construction	2026
3 Shortlands, W6 8DJ	14,865	Refurbished	Pre-planning	2026
76 Hammersmith Road, W14	11,148	New	Planning application	2026
The Triangle, 5-17 Hammersmith Grove, W6	20,439	New	Planning permission	2026
White City Place - Gateway East, W12	47,558	New	Planning permission	2027
L'Oréal Building, 255 Hammersmith Road, W6	11,613	Refurbished	Planning application	2027

Landmark House/Thames Tower, W6	11,613	New	Planning permission	2028
Shepherds Bush Market, W12	18,657	New	Planning application	2028

LBHF/RBKC development pipeline



- 8.14 If schemes under construction and with minimal barriers to starting in both LBHF and RBKC all complete by 2028, then the average annual delivery of new speculative space is c22,000 sqm between 2024 and 2028. This is below the average level of take-up (c.35,140 sqm). It is assumed that most of occupier demand will be focused on good quality space, as outlined throughout the report, and assuming 70% of take-up is focused on best-in-class space (24,600 sqm), this pace of development would suggest a shortfall of space in the borough, which would widen if demand from the employment growth scenarios outlined in paragraphs 7.27 to 7.31 was included.
- 8.15 The delivery schedule of schemes without planning or with multiple barriers to starting is uncertain, so it is difficult to include in an assessment of future space needs. Pipeline schemes are not always built because factors such as developer/owner expertise, financing, pre-leasing, rental growth expectations and the health of the construction industry can delay or prevent these developments from taking place. It is highly likely that most of potential schemes slip beyond 2030 due to the reasons outlined above, and the pressure on good quality space will not be alleviated in the medium term.
- 8.16 Assuming the Proposed Development gains planning permission, and based on current anticipated timeframes, Phase 1 will be delivered into the market towards the end of this period. The expectation of the Applicant is that the delivery of better-quality space should attract new occupiers into the area and that most of the space that does start on site will have been let by 2030. The development of new submarkets in London, such as the earlier phases of White City and King’s Cross, shows improving the quality of the future stock not only facilitates the relocation of existing occupiers but demonstrates greater appeal to a pool of new occupiers who are willing to move to better quality space.

8.17 Considering supply and demand over the longer term, development completions are assumed to revert back to trend beyond 2028. This would suggest that a total of c. 336,000 sqm of space could be delivered in this period between 2028-2040, and a further 110,000 sqm in the period between 2024 and 2028. If average take up is enhanced by jobs growth over this period, using the conservative scenarios set out in paragraphs 7.27 to 7.31, then above average levels of supply would need to be completed across the borough. Table 7 shows that that there is sufficient demand to accommodate the delivery of the Earls Court Development as well as further development across the boroughs.

Table 7: Future demand and supply analysis (2023-2040)²

	Additional floorspace requirements (<i>no additional employment growth or space density change</i>)	Additional floorspace requirements (<i>assume worker space density increase by 20%</i>)	Additional floorspace requirements (<i>assume additional 10% employment growth</i>)	Additional floorspace requirement (<i>Assume increased density and additional 10% employment growth</i>)
Take-up ³	418,200	418,200	418,200	418,200
Demand from jobs growth	186,500	216,340	205,150	237,974
TOTAL	604,700	634,540	623,350	656,174
Development completions ⁴	446,000	446,000	446,000	446,000
Supply shortfall	158,700	188,540	177,350	210,174

² Based on employment scenarios in Table 5

³ Assumed to be 70% of ten-year average to reflect not all leasing will be for new/refurbished space.

⁴ Based on current schemes in pipeline under construction or with minimal barriers to starting on site and then reverting to 10- year average

- 8.18 As referenced in paragraph 7.27, Oxford Economics' growth assumptions are conservative and do not consider the impact of development or infrastructure improvement. The Earls Court Development will deliver both of these things, and as such additional employee growth is realistic. The London market is already demonstrating occupiers' expansionary requirements (see paragraph 6.8). Tenants are seeking more space despite an acceptance of hybrid working, as they increase densities and allow for additional collaboration spaces and wellbeing facilities. The allowance for increased densities when assessing supply shortfall is therefore also wholly reasonable.
- 8.19 In fact, the analysis above remains conservative in its assumptions. The 10% allowance for increased employee numbers is likely to be insufficient; the development of King's Cross, for example, led to a 240% growth in employment in the local area. Additionally, it needs to be acknowledged that the Earls Court Development, in providing a new major ecosystem, would attract demand from outside of the boroughs, demand which is not accounted for in the above analysis. When further considering that some of the development schemes allowed for above could face hurdles that prevent their delivery, the above analysis proves that the supply shortfall in LBHF and RBKC in the period 2024 to 2040 will outweigh the quantum of commercial workspace proposed as part of the Earls Court Development.
- 8.20 An implication of delivering new, best quality office space at the Earls Court Development is the perception that secondary accommodation within the locality will be cannibalised by such superior delivery. The objective of the developer is to attract new occupiers to the area and future office delivery should improve and enrich the local commercial landscape as opposed to detracting from it. The scale of office development proposed lends itself to attracting large-scale corporate occupiers as well as SME organisations, who will be catered for via serviced offices and/or affordable workspaces. If ECDC is successful in attracting new major businesses to the Site, this will have a positive spillover effect on existing local office accommodation as smaller companies will seek to cluster around the arrival of new anchor tenants.
- 8.21 As set out earlier within this report, this is a trend that has been very visible in locations such as King's Cross. Prior to the development of the King's Cross Estate by Argent, there was limited commercial offer in the surrounding area. Since the success of the scheme, which has seen occupiers such as Google and AstraZeneca take space on the site, the surrounding area has blossomed into one of the UK's premier knowledge quarters. Peripheral areas such as York Way and Somers Town are now the focus of commercially led development schemes which look to attract occupiers with an innovation and research focus who can benefit from co-location with these occupiers. This is a trend that could easily be replicated at the Proposed Development, with the surrounding LBHF and RBKC stock engaging to develop a wider innovation district in West London that links closely with Earls Court, White City, and the connectivity with the M40 and M4 corridors.
- 8.22 The Earls Court Development presents an opportunity to deliver offices at scale. As noted in the wider document, best quality office space in and around Central London is being absorbed at a faster rate than it can be constructed. Occupiers, especially since the Pandemic, are currently showing a strong preference for best quality workspace and turning their backs on secondary accommodation. Therefore, take up of new or best quality refurbished space has returned to post Covid levels however demand and take-up of secondary space is significantly lower than before the Pandemic. The ability to deliver office space in London 'at scale' is fast reducing. Whilst the City tower cluster (which relates to a small part of the City Core) can build up to help with the delivery of quantum, the vast majority of Central London is running low on opportunities to deliver redevelopments of scale. It is already noticeable that corporate occupiers which require large amounts of office space (35,000 - 50,000 sqm plus) are met with very few opportunities. Land supply is of course finite and established office clusters are predominantly built out and occupied. Should London wish to maintain its status as a major global city and

internationally recognised centre for commerce, large scale opportunities which can accommodate large scale corporate relocation projects must come forward.

9.0 Potential Occupier Demand – Growth Sectors

Section Summary

Earls Court's location and scale are essential factors in its positioning to deliver space that attracts innovative businesses from fast growing and value-adding sectors. Building an ecosystem that interacts with some of the world's leading innovation and research institutions.

- 9.1 The Site's proximity to major universities and location along major transportation routes makes it a strong innovation hub proposition. To stand out in the competitive landscape of London's innovation hubs, it should target emerging growth sectors rather than directly compete with existing schemes, allowing for a strategic niche marketing position.
- 9.2 The Proposed Development should aim to foster a diverse ecosystem of high-growth, innovative sub-sectors emerging in the Climate Tech sphere.
- 9.3 The proximity to leading universities can enhance the viability and attractiveness of the Earls Court Development, which should seek to leverage these relationships to enhance the infrastructure and educational partnerships, serving as a significant draw for other high-growth companies considering relocation.
- 9.4 The economic advantages of agglomeration are well documented, with clusters attracting businesses due to proximity to other innovation businesses, skilled labour, and essential amenities. The significant premiums that companies are willing to pay to be in innovation clusters should not be under-estimated.

Innovation Hubs

- 9.5 London has approximately 115 clustered innovation hotspots, 40% of the UK's most innovative 'new economy' companies as identified by the Centre for Cities. These companies significantly outperform others in terms of productivity and growth by leveraging locations that offer a high density of skilled workers, knowledge-based businesses, and robust transport connectivity.
- 9.6 The Earls Court Development is positioned to become a major innovation hub due to its access to a deep talent pool from neighbouring Imperial College London and other leading London universities such as UCL. Additionally, its strong transport links and proximity to major transportation routes (M4 and M40 corridors) allows it to attract business and talent from Oxford, Bristol, and the Thames Valley.
- 9.7 To differentiate the Earls Court Development from other developments in London, it is crucial that it establishes a unique strategic position (USP). The Proposed Development strategy would target emerging sectors rather than competing directly with other projects, with a particular focus

on Climate Tech opportunities. A further part of the strategy will be to provide a diverse mix of building typologies, catering to occupiers from across the spectrum via the delivery of serviced offices all the way to flexible corporate headquarters buildings, whilst also providing space that can be used for innovation, education, and research purposes.

- 9.8 Contrary to prevailing belief about clusters being centred around one industry, innovation hotspots are almost always melting pots of different sectors. The Earls Court Development will focus on cultivating a diverse ecosystem by targeting high growth innovation sectors. Knight Frank and JLL's research has identified three sub-sectors evidencing demand across London; of these, ECDC have centred on Climate Tech as a key anchor to the ecosystem. Innovative companies recognise the substantial agglomeration benefits of locating in innovation hotspots. Analysis by the Centre for Cities shows that these companies are willing to pay a premium to be part of or form innovation clusters, even in locations where cost of floorspace is already high. It calculated an average office space premium of approximately £150 per square meter between locations with and without innovation clustering in London.
- 9.9 Whilst the main focus of the Earls Court Development ecosystem is Climate Tech, other innovative subsectors and more traditional occupiers will be attracted by the development. Education, for example, will be a key focus and ECDC are already entering into partnerships with Imperial College London who are themselves looking to expand their Climate Tech operations. Additionally, major global companies like Deloitte and Microsoft have placed an emphasis on Climate Tech and venture capital firms have invested heavily within the sphere and there will be clear opportunities for collaboration and knowledge sharing between the innovative and the traditional.

Target Sector – Climate Tech

- 9.10 'Climate Tech' or 'Clean Tech' refers to businesses that use technology to lessen environmental harm and enhance the quality of polluted natural resources. Originating in the 1990s, it has grown into a multibillion-pound sector. According to A/O PropTech, as much as 70% of venture capital investment in the built environment now flows into Climate Tech, a sharp rise from just 20% five years ago. As the climate crisis captures societal attention, governments and businesses are tackling its mitigation. Companies active in Climate Technology are expected to experience significant growth, with the UK Clean Tech market predicted to be worth £518 billion annually by 2030. Tech Nation reports there are now over 5,200 Clean Tech pioneers in the UK, ranking second globally behind the US.
- 9.11 The sector has historically been led by small startups, with a significant increase in Clean Tech SMEs. However, more recently it is important to note that major corporations have invested heavily into Climate Tech companies and programmes and as such the opportunity to deliver a broad spectrum of occupiers from start-ups to anchor tenants exists.
- 9.12 The UK possesses all the elements needed to be a key player in achieving a net-zero emissions future, including world-class research facilities and progressive investors. Despite recent political setbacks in net-zero commitments, the UK is still viewed as a global leader in Clean Tech. In 2023, the UK's net-zero economy grew by 9%, generating £74 billion of gross value add from over 23,000 businesses. According to PwC's Green Jobs Barometer, green roles are expanding four times faster than the overall UK job market, with salaries now comparable to traditional roles in petroleum, coal, and gas. Green jobs now constitute 2.2% of all new UK jobs, with potential to create 725,000 roles by 2030. Momentum is expected to continue. The UK plans to establish the first UN-backed International Centre of Excellence for Sustainable Resource Management within the Circular Economy. And the 'Clean Tech for UK Coalition', with a combined funding of more than £6 billion and backed by Bill Gates' Breakthrough Energy, aims to foster the next generation of global Clean Tech leaders.

- 9.13 London stands as a major European Clean Tech hub. In 2023, job postings featuring a green skill or role made up 3% of the total in London. The city is the second-largest global hub for Climate Tech investment, trailing only Stockholm. London's Climate Tech startups raised over \$3.5 billion in venture capital in 2023, an increase from \$2.2 billion in 2022. Given the strategic significance of Climate Tech, and the collaborative, high-growth environment the Earls Court Development aims to cultivate, incorporating this sector will amplify its standing as a key innovation hub.
- 9.14 The Climate Tech focus is discussed further in Section 12 of this report, but it is key to note that whilst the Earls Court Development vision centres around this sector, it is envisaged that it will attract a broad range of collaborators both within like-minded innovative sectors and more traditional commercial fields.

10.0 The Earls Court Site

Section Summary

The Site benefits from its iconic heritage, central (zone 1) location, exceptional connectivity, and unique scale. These are key ingredients that can establish the Earls Court Development as a thriving new office submarket that appeals to occupiers.

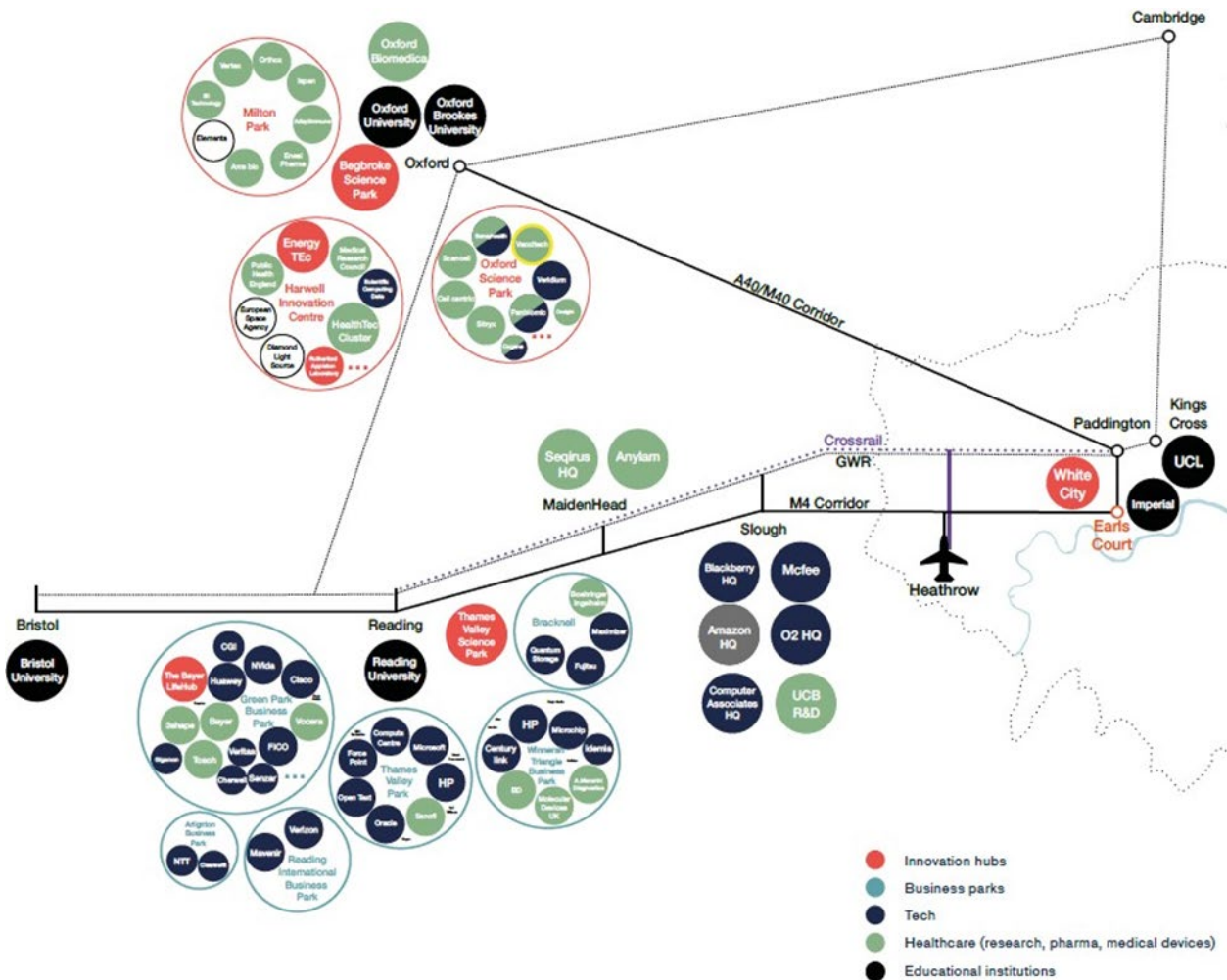
- 10.1 Earls Court benefits from instant name recognition and iconic history. This provides a major boost in establishing a new destination.
- 10.2 The Site is of the scale to deliver a best-in-class masterplan. There are limited other possibilities, certainly in Central London, to deliver the quantum and quality of space that can be provided at Earls Court, catering to occupiers from across the business spectrum.
- 10.3 The Site's connectivity immediately marks it out as a strong office location, providing commuters with an accessible workplace location and connecting well with other innovation districts in London and further afield.
- 10.4 ECPL's ownership will allow for a coordinated delivery, ensuring significant harmonious development can come forward across both boroughs.
- 10.5 The delivery of a high quality workspace product, set in a carefully curated environment with outstanding facilities and public realm will act as a driver of demand for tenants from across London, marking the Earls Court Development out as an attractive alternative for occupiers when compared to other submarkets in London.

Why is Earls Court a location for office development?

- 10.6 The appeal of the Earls Court Site lies in its iconic history. As with other major redevelopment projects such as King's Cross and Battersea Power Station, the Earls Court name is immediately identifiable with potential occupiers and investors alike. In addition, the Site provides the ability to develop a considered masterplan and curate a new destination which has a variety of commercial uses that are complementary to the planned residential uses. Providing residential alone is not likely to be attractive as residents want to live in vibrant places, which as discussed throughout this report can only be achieved with a truly mixed-use plan.
- 10.7 Due to the size of the Site, the Proposed Development provides the mass to deliver well-designed and appropriate office accommodation, something that is lacking on other allocated sites within the two boroughs. A site of this size also provides the scope to deliver significant on-site amenity and public realm, not only proving attractive to occupiers but also bringing with it an array of wider economic benefits for the area.
- 10.8 In addition, the Earls Court Development's location makes it an ideal candidate for office development. The Site is well served by three London Underground stations, providing

Piccadilly, District and London Overground services. It should be noted that ECDC's vision is for the office clusters to focus around these three stations. As a result of its location, the Site is easily accessible from commuter hotspots, such as Richmond, Wimbledon and Ealing, and transfer points such as Clapham Junction, Highbury & Islington, and Stratford. Network Rail services run between Milton Keynes and Clapham Junction, via Harrow, Watford, and Hemel Hempstead. Buses link the Site to Richmond, Baker Street, Roehampton, and South Kensington, amongst other routes, and excellent road access to the Site is provided by the A4. Occupiers in London are increasingly demanding floorspace that has strong connectivity to attract and retain employees from a large talent pool.

10.9 As well as providing good access for occupiers and employees from out of the borough, there are also good links to other office markets, such as King's Cross, White City, Olympia, Westminster, and the City of London. Moreover, Heathrow Airport is directly accessible to Earls Court, which allows for international visitors to reach the Site within approximately half an hour. As the map below illustrates, Earls Court is also perfectly situated to develop as an innovation hub. As well as neighbouring Imperial College and other leading London universities such as UCL, Earls Court's West London location will help to draw talent from along the M4 and M40 from other leading educational institutions such as Oxford and Bristol, and further encourage collaboration with the existing tech and science hubs located around the Thames Valley, Reading, Slough, and Oxford.



- 10.10 This has already been seen with the success of White City. It is envisaged that rather than competing directly with White City, the Earls Court Development will look to complement it. In turn, this could lead to the formation of an innovative tech and education led hub in West London. The requirement for such spaces is being seen across London with innovation led development and clusters growing around King's Cross, London Bridge, Waterloo, and Whitechapel amongst others.
- 10.11 The Proposed Development is in a unique position in terms of managing the delivery of high quality workspace at scale within the two boroughs, and in fact in London as a whole. As set out elsewhere within this report, at 18 hectares, the Earls Court Development is a distinctive proposition for delivering scale in Central London. Kensington Olympia nearby, for example, is a major redevelopment project; it is however scheduled to deliver a total masterplan of approximately 60,000 sqm on a NIA basis as opposed to the 409,075 sqm (see Section 11.44 and 11.45 for detail on calculation) that the Proposed Development can provide. This means that the Earls Court Development can provide almost seven times the quantum of accommodation in addition to the delivery of significant public realm.
- 10.12 Not only is the Site of a size to accommodate significant office accommodation to complement the delivery of thousands of new homes, but the singular level of control that the Applicant has over the Site is also of great significance. To effectively coordinate and organise a project of this size within an existing submarket, like Hammersmith Town Centre, would be nearly impossible due to the fractured nature of the ownership. As a single blank site with one master developer, the Earls Court Development provides RBKC and LBHF with not only the best opportunity to provide high quality workspace for the boroughs, but also the most realistic chance for this space to actually be delivered.
- 10.13 The Proposed Development will also draw on the expertise of the local population. The population of RBKC is one of the most qualified in the country and has a working population that is economically active, particularly within professional office-based services. Similarly, LBHF has a higher proportion of employment and economic activity than both London and England as a whole, with a skew towards 'managerial, professional, or technical occupations' with fewer residents active in 'elementary occupations.' As well as providing employment opportunity to these residents, the Site is perfectly located to provide opportunities for local residents who benefit from fewer qualifications. The creation of workspace will simultaneously bring forward a number of service industry roles prior to, during, and after the construction of the scheme. In developing a significant amount of office and associated amenity, the Proposed Development is singularly positioned to be economically advantageous for residents across all social strata and will also bring the trickle-down economic benefits to both boroughs of having a significant workforce on site, leading to additional spending and activity in local businesses.
- 10.14 Furthermore, the size and scope of the Site will also allow for the provision of affordable workspace. This will afford local businesses and entrepreneurs the opportunity to take space on a scheme where they will be surrounded by global and national companies, giving them access that they would not be able to achieve elsewhere within the boroughs.
- 10.15 The Earls Court Development is a truly unique opportunity for West London and is an increasing rarity due to its ability to deliver a transformative office, commercial and residential location. It is highly accessible for both commuters and other office markets and provides a great opportunity to support the local population and economy. The Site is exceptionally placed to provide wider benefits due to the scale of the Site, the proposed placemaking to deliver public realm and amenity, and its iconic heritage. These facets will combine to deliver high-quality office accommodation of an appropriate scale to attract global occupiers and cement Earls Court (and as a result RBKC and LBHF) as a premier office location within London for years to come.

11.0 Delivering a Mixed-use Masterplan

Section Summary

A mix of uses are vital to contribute to the development of a thriving masterplan. Office space provides support for key placemaking activities and will help to drive the vibrancy of the scheme. The inclusion of offices can also help to mitigate issues faced by monofunctional schemes and stimulate growth in the surrounding area.

- 11.1 A variety of uses are required to support the creation of a successful masterplan – commercial space is a vital component of this and brings activity and a ‘sense of place’ to the development.
- 11.2 A mix of uses further boosts viability by diversifying funding risk and improving timescales and absorption.
- 11.3 Obtaining a significant pre-let is key to the success of any mixed-use scheme, underpinning the financial viability of the project and justifying additional investment into the construction of further buildings.
- 11.4 There has been a rising trend in off-plan (pre-construction) pre-lets since 2016, which have shown an increase in the average size from 19,945 sqm, to 23,059 sqm (NIA) in 2023, indicating growing demand for large-scale office spaces in strategic locations.
- 11.5 Working on historic pre-leasing data alone indicates that initial office development at the Site could readily support up to 87,000 sqm (NIA) of office space to establish the Earls Court Development as a notable office destination in London. This corresponds to approximately 118,200 sqm on a GEA basis when adopting the assumed factors noted earlier in this report.
- 11.6 A comparison of similar mixed-use development projects show that the inclusion of office is a key component of successful masterplans and that a significant quantum needs to be provided to support other uses, establish communities, and cater to future growth.

Creating an Integrated Community

- 11.7 It is widely recognised that truly successful, sustainable developments require a mix of uses to create and support a diverse, sustainable, and integrated community. Single use or monoculture schemes struggle with successful place creation and as a result can rapidly gain a negative reputation. This is particularly the case for residential-only schemes which can gain a reputation as ‘dormitories’ which lack a ‘sense of place’ – on a site of this scale it would be particularly difficult to generate a 24-hour economy and sense of destination which would deliver wider social and economic benefits as well as a feeling of ‘life’ on site. It is perhaps worth noting that since the closure of the Exhibition Centres and commercial space on site, local retail and leisure have struggled and the surrounding area has struggled, despite the large residential population nearby.

- 11.8 This can also be seen in single-use office developments, notably Canary Wharf has recently seen significant investment in residential development projects whilst the City of London has introduced its own 'Destination City' policy, which has encouraged hospitality, residential and student living uses to enliven the Square Mile on evenings and weekends.
- 11.9 It is also vital that there is variety between the commercial uses on site and that a suitable level of associated commercial amenity is provided to support the office accommodation. As well as traditional office space, the Earls Court Development can cater to emerging commercial sectors, including Climate Tech and innovation. The retail, leisure, food and beverage and cultural aspects of the scheme will also be integral to support and drive demand for the principal uses of residential and office. This will ensure strong rental performance, increase market demand, and help to create a successful and vibrant workplace destination.
- 11.10 Office users will demand retail, restaurants and other active ground floor uses and public realm amenity. Knight Frank and JLL's firsthand market experience has shown that good ground floor drives demand and take up for office space above. This also applies to residential. Including a critical mass of office, drives good quality retail and amenities for local residents. In addition to providing retailers with a wider customer base, the working population will bring its business at different points of the day to a solely residential scheme; office workers will arrive in the morning and bring a sense of activity and place to the Site throughout the working day, often staying into the evening.
- 11.11 Offices will also draw people to the Site who may otherwise not attend. Commuters, for example, would be unlikely to visit the Earls Court Development if it was a solely residential scheme. If, however, their companies located there or even if they only have a meeting at the Earls Court Development, they will be drawn to the Site and can thereafter experience the wider destination that the Proposed Development will offer. This in turn will further boost the symbiotic relationship with the retail and cultural offering and deliver higher levels of footfall to site. An added benefit of this will be that the whole campus will become a more safe and secure location due to the continuous activity on site.
- 11.12 As set out above, the inclusion of offices will help to support the retail and leisure provision on Site. The Ground Floor plane is key to activating and enlivening the Site and it should also be noted that there is a current lack of destination food and beverage and entertainment options in the surrounding area. The right mix of uses will therefore help to elevate the location for both commercial occupiers and residents and attract day visitors and vibrancy to the scheme.
- 11.13 Taking King's Cross as an example of an exemplar development project in London, the approach was to make a vibrant place by creating a balanced mix of uses; this included 56% offices and 11% retail. The availability of office space has been able to accommodate large requirements, often on a bespoke basis, and has successfully attracted a number of multinational corporations including Google to the development. The mixed-use nature of the Site and access to amenity acts as an attractor for talent, which occupiers seek. Key to the scheme's success has been this cohesive mix of uses and a focus on creating a truly mixed-use destination.
- 11.14 Several further comparator schemes are assessed below., including Battersea Power Station and Canada Water. Overall, Knight Frank and JLL's research indicates that supporting retail and leisure uses can make up anywhere from 5% to 35% of the total commercial floorspace, although more typically schemes deliver between 10% and 20% retail and leisure. It should be noted that ECDC are proposing to deliver approximately 14% retail, leisure, and culture, fitting firmly within that range.

- 11.15 This quantum of total commercial space will not only support market demand from across the occupier spectrum but will also provide an opportunity to allow the local economy to thrive. The quantum of commercial space calculated above will cater to the existing community and create jobs for local people and creative, flexible and innovate workspaces to encourage healthy, meaningful business connections and prosperity. The location of major occupiers at the Earls Court Development will also bring with it a sense of opportunity for smaller local companies and innovators. In providing a mix of unit typologies across the scheme from serviced office incubator style space to major office headquarter buildings, the Proposed Development will deliver local businesses the chance to co-locate with and learn from major businesses. This is something that has been seen at Here East on the Queen Elizabeth Olympic Park, where occupiers from within Plexal have struck up partnerships and working relationships with globally renowned campus tenants such as UCL and Ford. Importantly, the office accommodation will also provide the need for additional tertiary sector roles throughout the development period and once stabilised.
- 11.16 The balance and synergies between commercial and residential space at the Earls Court Development will be critical to ensure successful place creation and a degree of flexibility must be allowed to flex to future market demand at the point of delivery. However, the delivery of a commercial destination – including both office and retail – alongside a significant number of new homes will allow the local community to wholly participate in, rather than observe, the new neighbourhood that will be created. Notwithstanding this, the scheme design includes several ‘Flexible Plots’ which can flex away from commercial use towards residential if market conditions and future flexibility suggest it. It should also be noted that there are no Flexible Plots which would change residential to office use. The Flexible Plots are all included within the Outline Component and land use for each plot will be confirmed at the RMA stage.

Financial Considerations

- 11.17 In addition to the benefits that workspace bring to placemaking, the inclusion of office space further benefits the financial viability of major mixed-use schemes. The scale of the Earls Court Development is rare, with a GEA of 710,519 sqm and a NIA of 410,000 sqm, making it practically unique in London and the UK in terms of the delivery challenges that it presents. This level of challenge and the associated delivery risks need to be properly accounted for, for the proposed scheme to become a reality. It is paramount that any project provides a suitable level of return on investment and including a mix of uses is critical in ensuring that this happens.
- 11.18 On this basis, the inclusion of office uses aids with the diversification of risk. Due to the long delivery period, there is inherent uncertainty in the end values that can be achieved. This risk is compounded if the portfolio is heavily weighted towards a single or small number of asset classes; including office along with the other commercial and living uses helps to achieve this diversification of investment risk.
- 11.19 Similarly, it is important to note the potential absorption issues that could occur with a single use scheme. The delivery of large-scale residential development is restricted by the demand from buyers and ultimately the time it takes to sell homes. A careful balance needs to be achieved between delivery of accommodation and saturation of the market which would create considerable time lags on sale periods. This results in heavily residentially focused large-scale developments having to be phased over long periods of time and corresponding difficulties in terms of land hold costs and returns performance.
- 11.20 Without a sufficient element of workspace being provided in the Earls Court Development, viability and deliverability will be negatively impacted. A residential only scheme will face absorption issues and may lead to complications in obtaining suitable funding for the delivery of the scheme. The inclusion of commercial space will diversify funding risk and allow for

simultaneous delivery of plots in early phases of development, shortening the delivery timeline, in turn supporting the delivery of the necessary infrastructure works and the provision of the green space and public realm that will be a defining feature of the Earls Court Development.

- 11.21 Finally, and importantly, whilst historically there was a significant variance in the values of residential and office accommodation in this location, commercial rents and yields in RBKC and LBHF have comparatively improved and can now be considered as a viable alternative to residential accommodation. This has been driven by rental growth across the capital and the ever-increasing demand for high quality office accommodation that provides end of trip facilities and amenity.

Critical Mass and Pre-letting

- 11.22 The previous section of this report focuses on the importance of providing offices to the wider ecosystem and the creation of a destination. However, to successfully incorporate offices within the masterplan it is also important to note that a sufficient quantum of space must be delivered.
- 11.23 Knight Frank and JLL's analysis of mixed-use masterplans, which is expanded on below, shows that to create a successful commercial destination, a critical mass of space needs to be delivered. The benefits attributed to the integration of office within the masterplan require the success of the office element and it is therefore important that scale is delivered. Occupiers like to be in clusters and communities with other occupiers to grow partnerships and enhance efficiencies around collaboration. As a result, single building locations are difficult to establish and often will struggle to survive.
- 11.24 The importance of the office community is often overlooked when considering already established markets such as the West End Core and the City of London. In these markets, tenants know that they will gain the benefits of office clustering and the community that it creates by default. This becomes a virtuous circle; as tenants continue to locate in these submarkets due to the existing business community, they enable further and future natural growth.
- 11.25 Given the lack of an existing hub in the proximity of the Site, it is therefore even more important that this not be overlooked, as occupiers will need to be attracted to the proposals for the Proposed Development; without opportunity for other occupiers to follow to the Earls Court Development, it is unlikely that occupiers will commit their future to the Site on the basis of the public realm alone.
- 11.26 A large quantum of space also naturally creates a range and scale of offerings. A sustainable business ecosystem requires this range of offerings, catering to occupiers of different scales, sizes, and price-points – from local small businesses to large national and international headquarter accommodation. As set out above, the vision for the Earls Court Development is to deliver this mix of spaces and provide accommodation for all types of end-users.
- 11.27 Whilst large corporations might be viewed as the 'anchor' for the Site, they are attracted to rich, diverse, and interesting locations where they can feed off and support smaller organisations around them. Serviced office accommodation is now a vital element of the workspace ecosystem, catering to individuals, start-ups and small local businesses whilst simultaneously providing the level of amenity and fit-out that is required to attract occupiers to the office. The inclusion of these occupiers across the scheme will allow for organic growth – as they become more successful, they can be retained on site, scaling up across the various workspace typologies.
- 11.28 However, it must be recognised that just as larger companies like to locate around smaller innovators, a successful development will require the larger companies and anchors to drive this

success. Importantly, larger companies will not come to an untested location such as the Site if they cannot see scale and the opportunity for growth. Businesses like to cluster and provide employees with an opportunity to interact. Being part of a wider community is attractive and explains the 'snowballing' effect seen at locations such as King's Cross, White City and Chiswick Park

- 11.29 As occupiers move into the Earls Court Development and find success and the masterplan begins to take shape, the Site will become recognised as a commercial destination where other occupiers will want to locate, creating a positive cycle of improvement and growth. As a result of its success, the Site will require the space to grow and expand, allowing the ecosystem to be sustainable in the long term. Not only is this to support an increase in demand and 'incubator tenants' expanding into larger spaces on the Site, but moreover it will allow for flexibility for the scheme to evolve and change over time. As this report discusses, the Pandemic has not led to the end of the office but has changed the dynamic and purpose behind what occupiers require from office accommodation. The quality of workspace and amenity, as well as factors such as sustainability credentials, have become increasingly important. Providing opportunity for growth and flexibility across the Proposed Development allows for change and adaptation to future occupier demand trends, maintaining competition for space across the delivery period. The constant development and revitalisation of the workspace will assist and support growth, delivering long-term stability and success.
- 11.30 One of the most fundamental ingredients in creating a successful office component within a mixed-use masterplan is the ability to secure tenants in the pre-construction phase and use this to act as a catalyst in which to create further leasing momentum over the short, medium and long term. By securing an early major anchor tenant for the Site, confidence in the location as a potential destination for other occupiers will improve – this is a trend that has been seen across London's major development projects such as Battersea Power Station and King's Cross. The Proposed Development shares characteristics with these locations as an iconic London landmark with no established office market and as such it is likely that a similar pre-let will be required to drive the future success of the Earls Court Development and establish it as a globally recognised destination. Knight Frank and JLL's analysis of pre-lets across London shows that attracting a pre-let requires size and scale to be delivered, demonstrating to occupiers that they will be the first piece of a wider community that will follow. It is therefore important to ensure that a significant quantum of commercial space is delivered in the early phases of development whilst further providing the space for the scheme to grow in latter phases.
- 11.31 In addition to the above, the scale of the Site needs to be taken into consideration. One of the Site's rare USP's is its innate ability to not only curate a mixed-use community but also deliver new build, campus style office accommodation, which is at scale and positioned within a Central London location – a distinct rarity in today's market where sites of scale are located in peripheral locations such as Canada Water and Brent Cross. For this reason, there is a unique opportunity to target the largest London occupiers to secure multiple major off- plan and post start of construction pre-lets.

Office Development Pre-letting Analysis

- 11.32 Knight Frank and JLL have analysed the London office off-plan pre lets that have occurred since 2016. This shows that the average size of a letting secured pre-construction is 23,059 sqm (NIA), and to date, has always been within a location where occupiers of scale exist, are planned to exist, or the surrounding land use allows the ability to deliver additional office accommodation of scale.
- 11.33 As shown by other examples across Central London, no better exemplified than Apple's acquisition of space at Battersea Power Station, pre-construction office lettings are key. Acting

as a major contributor to the success of any mixed-use scheme, underpinning the financial viability of the project and thus justifying additional investment into the construction of further buildings.

- 11.34 Critical to the success of future office-use phases is the ability to provide 'follow on' plots that allow for further off-plan pre- lets. In addition, consideration needs to be given to the delivery of speculative office space (commencing construction without a tenant secured). This is to accommodate occupiers unable to commit to a pre-let leasing agreement. It is also the case that some occupiers struggle to visualise the space and thus will not commit to it until construction is complete or at least well underway.
- 11.35 However, there is considerable financial risk with speculatively building office accommodation and any investor making that decision needs to be comfortable that the product being delivered is capable of being leased as soon as possible. The average size of London's lettings since 2020 post start of construction, but before completion, is still considerable at 5,211 sqm (NIA).
- 11.36 For any mixed-use scheme to be successful, the office element needs to form an integral part of it and have a critical mass. From the perspective of the Earls Court Development, first and foremost to its success will be securing a major off-plan pre- let. The area surrounding the Site is currently a less established office market and so doing this will help to place the scheme 'on the map', much like Apple did to Battersea when they acquired their space at Battersea Power Station. This report has illustrated why the Proposed Development is perfectly placed to do this, based on a combination of good location and connectivity, instant name recognition, size and scale, and single ownership which allows for considered and coordinated scheme delivery.
- 11.37 The contribution of a major off-plan pre-let to the success of any masterplan should not be underestimated, primarily due to the agglomeration benefits that these major occupiers will bring. As evidenced at King's Cross and Battersea, securing major off-plan pre-lets has in turn drawn additional occupiers (office, retail, residential etc.) to the area and created a much-needed ecosystem and sense of place. These schemes have in turn become self-perpetuating. They are iconic destinations, not only in London, but globally, and occupiers now want to be there due to the environment that has been created. This is what is intended for the Earls Court Development.
- 11.38 To do this, size and scale is paramount. To secure an off plan pre-let it is necessary to demonstrate that they will form the anchor of a wider office community, rather than simply being one or two buildings positioned within a residentially focused scheme. It is for this reason that the provision of a total office quantum in excess of 148,645 sqm (NIA) is supported based on Knight Frank and JLL's analysis of off-plan pre-lets across London over the last ten years for schemes of a similar size to the Earls Court Development.
- 11.39 Consideration should also be given to speculative buildings of varying size and scale, which help to create critical mass and accommodate those occupiers whose time horizons are such that it makes an off-plan pre-let unviable.
- 11.40 Equally as important is the location of the office buildings within the masterplan. Clustering is crucial to the creation of an eco-system and having office buildings disparately positioned throughout a scheme will have a detrimental impact on its success. Given the importance of accessibility to office occupiers (and inversely the fact that residential occupiers are typically more willing to walk through the site) ECDC have focused these clusters around the three key transport hubs that surround the Site.
- 11.41 Brand and identity are also key. Office markets such as the City and West End can take the fact that they are established locations for granted. Emerging areas have to work hard to create this,

using their USPs in order to achieve a point of difference. The Proposed Development is no different and nothing is more instantly recognisable than the name of the location itself. Steeped in history and instantly recognisable, the Earls Court Development is well placed to become a major office sub-market.

Comparable Development Projects

- 11.42 To highlight the importance of office to the delivery of successful masterplans, the delivery of some of London’s premier mixed-use development schemes that are comparators to what ECDC will be aiming to deliver at the Earls Court Development have been analysed.
- 11.43 The analysis set out in the table below shows that all of these projects have included a significant element of office accommodation (not less than 22%) evidencing the importance of office within masterplans.
- 11.44 Market data is typically analysed on a NIA basis and to ensure proper comparison, an assumption has to be made about the level of NIA that will be delivered as part of the Proposed Development. For this analysis, a NIA figure for both commercial floorspace and the total area of the Earls Court Development has been based on ECDC’s latest illustrative masterplan design. It should be noted that this illustrative masterplan is only one way in which the Proposed Development could be delivered and is not specifically what is being applied for as part of the Hybrid Planning Applications.
- 11.45 The latest illustrative masterplan includes a masterplan area of 409,075 sqm (NIA). Of this, residential uses make up 233,255 sqm (NIA) with other commercial uses making up 175,850 sqm (NIA). The total workspace provision is 148,390 sqm (NIA), accounting for c. 36% of the total masterplan. The Proposed Development therefore sits firmly within the range of percentages set out below and reflects an appropriate quantum of office to assist in the creation of a world class destination.

Table 9: Comparable Large Scale Redevelopment Projects


Scheme	Masterplan Area (NIA sqm)	Office Area (NIA sqm)	Office Area (% of Masterplan)
Earls Court	409,075	148,390	36%
King’s Cross	743,225	394,835	53%
Canada Water	464,515	185,805	40%

Battersea Power Station*	718,605	157,935	22%**
Kensington Olympia	60,385	51,095	85%
Brent Cross Town	929,030	278,710	30%

* Battersea Power Station areas are based on GIA. ** 22% of original consent.

Further detail of these comparator schemes is set out below:

King's Cross	
Developer	Argent
Location	Camden & Islington
Timeframe	2007 – Present
Masterplan Area (Sqm NIA)	743,225
Office Area (Sqm NIA)	394,835
Office as % of Masterplan	53%
Retail as % of Masterplan	11%



How has office accommodation evolved over the masterplan?

- The approach to planning King's Cross was to make a vibrant place to attract office occupiers, retail occupiers, education occupiers, students, visitors, and residents by creating a balanced mix of uses. By incorporating education and culture, office occupiers were attracted, which drove the demand for retail, which created a vibrant place. Subsequently, it became a place that attracted residents.
- The development has established a coherent urban grain and a flexible mix of uses; by embedding and using existing buildings within a new framework and by maximising the use of brownfield land in this central location.
- The development has provided 394,835 sqm (on completion) of office space to date.
- Other accommodation that has been provided includes:
 - 41,805 sqm of retail.
 - 26 acres of public realm and open space.
 - 1,900 residential units.
 - The University of Arts London moved to the Granary Complex and parts of the development opened to the public for the first time in 2011.
 - Granary Square completed in 2012.
 - The Coal Drops Yard opened in 2018.
- Construction began in 2010 and is expected to be completed in 2024.

- The development adopted a clear delivery model and the principle of pricing the parcels of land based on per acre value rather than packaged prices for each parcel. This provided a truly cohesive scheme with a mix of uses and public spaces.

Why was the quantum of office important to the masterplan’s success?

- Developers were able to secure major tenants such as Google’s UK headquarters at Six Pancras Square, Facebook, Havas Three Pancras Square, The Guardian Media Group and University of Arts London – Central Saint Martins in the Grade II listed Granary Building.
- The area has achieved an occupancy rate of 97% for the commercial space completed.
- The most significant impact of the project has been its effect on the wider area. There has been demand for wet and dry lab space along with affordable workspace at a critical level and the area has been well placed to serve the demands of the growing knowledge sector.

Canada Water

Developer	British Land
Location	Southwark
Timeframe	2014 – Present
Masterplan Area (Sqm NIA)	464,515
Office Area (Sqm NIA)	185,805
Office as % of Masterplan	40%
Retail as % of Masterplan	20%




How has office accommodation evolved over the masterplan?

- Overall, the scheme is set to provide c. 3,000 new homes, including 35% affordable housing, c. 185,805 sqm of office space and 92,905 sqm of retail, health, and infrastructure provision alongside new public realm.
- There has been particular focus on the demographic of those under 35, as Canada Water has enticed young professionals and there is an established younger demographic located there, which will be of major interest to future office occupiers at the site.
- Currently Plot A1 will provide a new landmark 35-storey building which will include retail, residential and office space, ground preparation and site setup is under way.
- Plot A2 will include a leisure centre for Southwark Council at ground and basement level, town centre retail and food outlets along the new high street, and workspace at the upper levels. Ground preparation and site set up is under way.


Why was the quantum of office important to the masterplan’s success?

- Phasing of the office space within the wider development mix is important to create a business district.
- Aiming to support local business by giving access to workspace by allocating 6,967 sqm at 75% market rent for 15 years.

Battersea Power Station		
Developer	Battersea Power Station Development Company	
Location	Wandsworth	
Timeframe	2012 – Present	
Masterplan Area (Sqm GIA)	718,605	
Office Area (Sqm GIA)	157,935 (All phases)	
Office as % of Masterplan	22%	
Retail as % of Masterplan	12%	
How has office accommodation evolved over the masterplan?		
<ul style="list-style-type: none"> Phase 1 of the masterplan was residentially led with ground floor A1-5 complimentary uses. Phase 2 delivered office, retail, food & beverage, leisure, tourist, ancillary and residential. The Phase 2 office accommodation comprised 48,775 sqm of office accommodation let to Apple (the largest office letting in London’s West End and Southbank for 20-years) and 45,520 sqm of retail, food & beverage, leisure, tourist, and ancillary accommodation. Phase 2 also included 3,483 sqm of further office accommodation let to a serviced office and co-working provider to provide flexible accommodation within the Phase 2 element. An additional 2,323 sqm of converted retail space to office space was let to traditional office occupier – Shark Ninja. The masterplan is divided into seven key phases with staged completion over 2018-2028. Accommodation, in addition to the office element, includes: <ul style="list-style-type: none"> 65,030 sqm of retail. 28,800 sqm of hotels. 20,905 sqm of food and beverage. 29,730sqm of community, cultural and leisure. 16.75 acres of public realm. 3,922 new homes. 3,346 parking and 8,340 bicycle spaces. 2 medical centres, a library and community hub. The success of the office element, and additional research has led to a belief additional office space is required to create a critical mass of offices for a business district. 		
Why was the quantum of office important to the Masterplan’s success?		
<ul style="list-style-type: none"> Commercial accommodation formed the bulk of the Phase 2 works, focused on the iconic Power Station itself. The early office accommodation of almost 49,240 sqm was of a large enough scale to attract the major pre-let to Apple. Attracting an internationally recognised anchor would provide a catalyst for further office demand across the wider masterplan. The scale of the offering provided a rare opportunity for a major London occupier to consolidate its workforce into one building. 		

- This commercial element is critical to the wider success of the masterplan both built and planned. Vital to the success of Battersea Power Station was a balanced mix of cultural uses, office, retail, leisure and residential. Residents help to underpin the night-time and weekend economy while office occupiers support the weekday economy.
- Battersea Power Station’s offering in terms of office footfall generated from the Apple letting and corresponding success of the A1-5 retail, and food & beverage provides the heart of the masterplan and a place for new visitors and on-site residents and users to meet.
- The success of Phase 2 and the letting to Apple, established the place as a major London office location and created further demand for office accommodation to such an extent that the consented office quantum was considered potentially too small to satisfy the clustering effect Apple would generate in addition to non-related office occupiers.

Kensington Olympia	
Developer	Yoo Capital
Location	RBKC
Timeframe	2017 – Present
Masterplan Area (Sqm NIA)	60,385
Office Area (Sqm NIA)	51,095
Office as % of Masterplan	85%
Retail as % of Masterplan	15%



How has office accommodation evolved over the masterplan?

- Current plans are to create 51,095sqm of Cat A office space at the Olympia Development.
- Heatherwick studio in collaboration with SPPARC are creating a state of the art, signature office building that offers flexibility, creativity, and interconnectivity.
- Key specifications in the planned office space include:
 - Occupational Density of 1:8m2
 - Fresh air provision 12l/s + 10% at 1/:8 sqm; each floor upgradable to 16l
 - BREEAM target excellent
 - 13 passenger lifts
 - 945 bike docking stations
 - 3m ceiling heights
 - 4,645 sqm of both communal and demised terraces (equivalent to 23 tennis courts).
 - 97 showers
 - 1,265 lockers
 - Private VIP entrance with direct lift
 - 603 sqm reception with 7.5m ceiling height
- Other notable accreditations:
 - WiredScore Platinum
 - Smartscore Certified

- AirRated
- Cycle Heart Rating Platinum
- International Well Building Institute: Platinum Targeted
- Communal spaces have also become more important to the design of office space as the design process has developed. This includes the largest office terraces in West London, a Juice bar, Yoga and Pilates Studio, Gym and Recreation and break-out areas

Why was the quantum of office important to the masterplan’s success?

- This £1.3 billion redevelopment aims to encompass all aspects of modern living, providing a comprehensive array of amenities including retail outlets, dining establishments, recreational facilities, and workspace options. It epitomizes the concept of a multifaceted hub, offering a seamless and convenient experience for residents and visitors alike. Olympia will feature world-leading offerings in food and drink. Some 20 bars, restaurants and eateries will boost the amenity within the local area.
- The central focus of office space within this multifaceted development is indicative of its importance to the masterplan’s success. Creating best-in-class offices will ensure employers as well as their employees want to work and more importantly stay at Olympia. The wide array of leisure and extracurricular opportunities available will leave both residents and workers with little reason to travel further afield.
- The large amount of office space under development has also assisted in the creation of a 38,650 sqm green roof that will provide a feeding resource for a variety of species, including birds and invertebrates – directly minimising the environmental drawbacks of such a development.

Brent Cross Town

Developer	Related Argent and LB Barnet
Location	Barnet
Timeframe	2010 – Present
Masterplan Area (Sqm NIA)	929,030
Office Area (Sqm NIA)	278,710
Office as % of Masterplan	30%
Retail as % of Masterplan	5%



How has office accommodation evolved over the masterplan?

- The £7 billion new neighbourhood is one of the largest mixed-use developments in Europe, bringing together new homes, retail, and workspace, as well as improved schools, amenities, and green spaces.
- Clustered adjacent to the new station, the Business & Innovation District totals 3 million sq. ft. and provides an exceptional working environment that stimulates creativity and knowledge exchange.
- Total office space in the Phase 1 is c.80,825 sqm.
- Within Phase 1 of the development there are plans to create four net zero carbon buildings:
 - 1 Brent Cross Town – c. 21,365 sqm

- 2 Brent Cross Town – c. 12,820 sqm
- 3 Brent Cross Town – c. 22,575 sqm
- 4 Brent Cross Town – c. 25,735 sqm
- Out of these, 3 Brent Cross Town is the only building speculatively under-construction. This totals c. 22,575 sqm and they have secured Sheffield Hallam University on c.11,150 sqm.
- Adjacent plots provide 'Future Expansion' opportunities, all brought to life under single ownership on a phased basis.
- Other areas included in the development include:
 - 42,735 sqm of retail and leisure
 - 6,700 new homes
 - 50 acres of green space
 - 8 new public squares
 - 3 new and improved schools

Why was the quantum of office important to the masterplan's success?

- Brent Cross Town is a fully integrated 15-minute town conceived from the ground up as a place that inspires future ways of working and living. Therefore, the presence of workspace, alongside residential, retail and leisure were vital to the vision of the masterplan.
- Sheffield Hallam University has pre-let 3 Brent Cross Town as the home for its new London campus due to strong alignment of values and purpose. They will be a key anchor in establishing the business and innovation ecosystem by delivering tailored support packages to help businesses grow and innovate, with availability of qualified students, access to joint research activities, data systems and specialised equipment.
- This use of office space will directly influence the take-up and use of the student accommodation within the development; currently planning to provide 662 units.
- Brent Cross Town has brought together an array of best-in-class partners to design and curate a quality environment to create a 'town where all will flourish'. As young entrepreneurs and other millennials (est. to make up 75% of the workforce by 2025) transition into family-orientated phases of their lives, the aim is they will value Brent Cross Town's sense of place, and its ability to offer a balanced crossover between work, life, and play. Thus, fulfilling the key aim of the project: to form a brand new, major business and innovation district, within a new London park town.

12.0 Competition with Existing Centres

Section Summary

The Earls Court Development will provide a complementary commercial centre to the existing LBHF and RBKC hubs. The co-ordinated delivery of a best-in-class innovation ecosystem will attract large-scale occupiers thereby revitalising demand in the boroughs whilst helping to attract and retain talent.

- 12.1 The Earls Court Development should not solely be seen as providing existing town centres with competition. Occupiers are now less attached to location and are focusing on specification; to this end new developments across London will provide competition to existing hubs.
- 12.2 Delivering high quality accommodation as part of the Proposed Development will not only encourage tenants to come to RBKC and LBHF, but may encourage tenants to remain in the boroughs and drive further development in local areas.
- 12.3 The focus on Climate Tech will attract specific occupiers to the Site, delivering a new ecosystem that will be complementary to existing innovation hubs in the local area such as White City.
- 12.4 Hammersmith is a historically established location that will retain its own appeal regardless of whether commercial space is provided at the Earls Court Development. High Street Kensington's office market is focused around executives locating close to their homes. Kensington Olympia is focusing on its own heritage in attracting occupiers and will largely be leased up before the delivery of the Proposed Development commences. White City and the Earls Court Development have the potential for a highly symbiotic relationship. In each situation, leasing take-up will be impacted on by factors beyond the delivery of the Proposed Development.
- 12.5 There is no 'home' for the Climate Tech sector in the UK. The Earls Court Development can look to take advantage of this sector's tremendous growth potential and drive demand from inwardly mobile occupiers rather than poaching tenants from existing RBKC and LBHF locations.

Complementary rather than Competitive

- 12.6 It is understood that there is an element of concern that the provision of a significant quantum of commercial workspace at the Proposed Development will directly compete with the existing office hubs in RBKC and LBHF. Whilst the Earls Court Development will naturally provide some competition to locations such as Hammersmith Town Centre, White City, and High Street Kensington, it can in fact be more of a complementary development. Moreover, there are several other contributing factors that need to be accounted for when assessing the competitiveness of existing RBKC and LBHF stock:
- 12.7 Increasingly footloose occupiers have now made the comparison of local office hubs less relevant. Existing RBKC and LBHF locations now must compete for their tenant base with options across London – this means that LBHF and RBKC will be competing with established

markets like Paddington and King's Cross as well as new areas like Brent Cross and Canada Water, regardless of whether office space is delivered at the Earls Court Development.

- 12.8 In fact, the delivery of high-quality office accommodation at the Proposed Development may in fact offer LBHF and RBKC with a good opportunity to retain existing tenants within the borough, as well as drawing new occupiers to the submarket. Few other development sites that have been allocated within the councils' local plans offer the opportunity to deliver the scale and quality of accommodation that could be provided at the Earls Court Development. Moreover, the experience at King's Cross shows a 'snowball effect' whereby the existing office stock is improved as evidence builds of the higher achieved rental and sales values of nearby better-quality offices.
- 12.9 As set out in Section 7 above, occupier demand across the Capital has remained robust. Knight Frank's research shows that at the end of Q1 2024, there was 1,170,580 sqm of active demand in London, a quarterly increase of 5.7%. Moreover, certain sectors such as Information and Communication (which includes emerging sectors like Climate Tech), are experiencing considerable growth in demand above this. By providing carefully curated, high-quality, well-located workspace at the Earls Court Development (alongside Olympia and White City), RBKC and LBHF could take advantage of this demand and become a key location for incoming demand.
- 12.10 The primary competing office locations are Hammersmith Town Centre, White City, High Street Kensington, and Olympia. The first three are now established locations with their own identities and occupier bases, more details on these locations are provided below.
- 12.11 The Earls Court Development's vision is focused on certain occupier typologies. The Earls Court Development can therefore be a complementary development to the existing centres rather than purely providing competition. As noted, The Site's location is a significant strength as it can leverage links with both London's innovation hubs and the M40/M4 corridors and become a Climate Tech cluster that combines with centres like White City to become a more general 'Innovation Centre' for West London.

Competing Locations - LBHF

Hammersmith Town Centre

- 12.12 Hammersmith Town Centre provides a diverse array of office accommodation, from very basic space (predominantly located above retail) through to newly developed Grade A space offered within buildings such as 245 Hammersmith Road. Hammersmith Town Centre is also home to several serviced offices / co-working centres to include two branches of Spaces (IWG), Work.Life, Mindspace, Huddle and Industrious which provides ample space for SMEs and short-term space requirements. This location is a very established and mature commercial centre, home to a range of occupiers, attracted by the broad variety of space available. Historically companies have been attracted to Hammersmith as it offers excellent connectivity to the motorway network (via the A4/M4) whilst also offering equally impressive public transport connectivity into Central London. Hammersmith office space has traditionally traded at significant rental discount to comparable quality space in Central London, arguably this value arbitrage has widened since the Pandemic as Central London demand has recovered faster than demand in Outer London boroughs. Nevertheless, the recognised reasons businesses choose to select Hammersmith as their chosen location will remain, even with significant delivery of space at the Earls Court Development.

White City

- 12.13 White City has been somewhat of a commercial success story over the last 10 years securing major lettings to household names such as L'Oréal, Publicis, ITV, PVA, White Company, Yoox Net-A-Porter, and Gravity Media. This location has now become a recognised, 'corporately accepted' destination for businesses, a statement that could not be made 15 years ago when the BBC was the only occupier. As noted above, Hammersmith Town Centre has become a well-established stand-alone office location through the development of multiple office buildings over a 40-year time horizon. White City has achieved this over a faster period. The dynamic between Hammersmith Town Centre and White City is worthy of comment. L'Oréal relocated to White City from 255 Hammersmith Road. L'Oréal considered relocating outside of the borough, with Canary Wharf for example making a compelling case. The fact that LBHF had breadth of opportunity, ensured this key employer remained in West London. White City has established an Innovation District largely thanks to Imperial College London being a key stakeholder with support from organisations such as Scale Space. White City is an authentic innovation cluster, home to organisations such as Novartis, Avacta, DNA Nudge, Quell and a plethora of scale-up knowledge-based organisations. The strength of this cluster does not lead Knight Frank and JLL into thinking delivery of office space at the Earls Court Development will be to the detriment of this established and successful location. There are synergies between the Proposed Development and White City which could see the two locations become symbiotic if governed in the correct manner.

Competing Locations - RBKC

High Street Kensington

- 12.14 High Street Kensington does not have the scale or quantum of office space compared to Hammersmith Town Centre and White City. Notable delivery of office space in this location includes Lancer Square and The Kensington Building. The latter has leased space to sunglasses brand Luxottica who relocated from 200 Hammersmith Road. The business sought to consolidate offices in Hammersmith and St Albans and therefore a 'neutral' location was chosen to appease both groups of staff. Lancer Square was successful in attracting luxury brand LVMH, a brand unlikely to locate itself in Hammersmith Town Centre nor White City. Similarly, the Kensington Building has attracted brands such as Manchester United and IDEX Capital who required cachet offered by a Kensington address and would not consider White City nor Hammersmith. Evidence would suggest that High Street Kensington appeals to a different group of occupiers and the delivery of space at the Earls Court Development is unlikely to negatively impact this location due to its very different appeal.

Kensington Olympia

- 12.15 Developer Yoo Capital / Deutsche Finance is embarking upon an ambitious project to deliver a large-scale events, leisure, and office space on the site of this historic venue. Office space amounting to 51,095 sqm will be delivered in a single phase with earliest completion anticipated in late 2025. The quantum of space will require significant absorption. It is understood that the developer is actively targeting media sector occupiers and businesses that have synergy with global events and entertainment arena. The Proposed Development works are anticipated to be undertaken over 13 years for the Early Phases (completion targeted for Q2 2037), therefore Olympia should be largely leased and occupied by the time office space at the Earls Court Development comes on-line.

A Sector Specific Focus

- 12.16 The provision of a significant quantum of office space at the Proposed Development does not prohibit the continued success of other existing and proposed schemes across the two boroughs. In fact, the 'blank canvas' nature of the Earls Court Site has allowed ECDC and the Design Team to curate and nurture a scheme design that can be highly complementary to the existing offer across LBHF and RBKC.
- 12.17 The scale of the Site will ensure proper and appropriate design and development takes place, delivering best-in-class buildings that are built for purpose with the high levels of supporting amenity which will draw major occupiers to the borough, rather than looking to poach the established occupiers of the local market.
- 12.18 The Earls Court Development will provide:
- A new build, curated, mixed-use environment.
 - A mix of office floorplate offerings to provide for occupiers across the spectrum, from affordable workspace to small innovative start-ups, midsize businesses, and large global companies.
 - The ability to attract occupiers at a price point below existing London submarkets.
 - An excellent central location with great connectivity.
 - High levels of amenity, facilities, green space, and public realm.
- 12.19 It will also provide the opportunity to capitalise on the growth sectors outlined in Section 9 of this report to provide a home for innovative occupiers.
- 12.20 Innovation drives growth and supports the population and wealth needed for well-functioning real estate markets. It is innovative organisations that will make new breakthroughs, attract new swathes of funding, and generate new demand for space. Knowing that innovation often arises out of economic dislocation and that innovation is a key driver of growth means that identifying innovation-led cities becomes ever more important for real estate investors. In the current economic environment, it will be these innovation-led locations which attract and retain the population and wealth necessary for resilient, well-performing real estate markets.
- 12.21 In real estate terms, this resilience is demonstrated by cities that can sustain tenant demand, support rental levels and capital values, and ultimately returns for investors. Innovation rarely happens in isolation, and agglomeration effects arise from innovators clustering together. These clusters are often centred around one or more universities. Successful innovation clusters monetise ideas and generate strong local economic growth. This innovation also attracts and retains the population and wealth needed for well-functioning commercial real estate markets. The presence of leading universities such as UCL, LSE and Imperial College London, which are notably located in proximity of the Site, marks London as one of the most innovative cities in the world. A future source of demand arises from this proximity to a world class educational institution with potential spill over benefits such as an increase in start-ups, incubation hubs and creative industry clusters.
- 12.22 It is for this reason that ECDC's vision has focused on the Climate Tech sector as a key theme for the Earls Court Development ecosystem. As referenced above, ECDC will look to leverage the proximity of Imperial College London and begin to develop partnerships with them. The Climate Tech sector is growing rapidly and becoming a key focus for major companies and corporates, as well as SMEs and innovative start-ups. Since 2020 the European Climate Tech enterprise value has doubled and is now worth over \$100bn, as governments and businesses

attempt to tackle one of the most pressing global crises. In 2018, 4% of FTSE100 companies had a Net Zero target; this had risen to 85% by 2022.

- 12.23 This is in part driven by the importance that younger members of society place on ESG and the future of the planet. A recent KPMG research report has shown that 1 in 3 18- to 24-year-olds surveyed have refused a job offer based on the climate policies of the company. Similarly, 55% of respondents between 25 and 34 want their company to demonstrate a commitment to ESG. The growing importance that the workforce place on the environment will further drive companies' sustainability strategies leading to further demand for Climate Tech solutions. Moreover, whilst it is to be seen, the importance that young people place on the environment may in turn translate to an increase in people looking to enter this innovative sector.
- 12.24 Growth in the global Climate Tech sector is driven by its critical role in reaching Net Zero by 2050 and whilst record investment was recorded in 2022, it has been estimated by the IEA that annual investment of up to \$4 trillion may be required to reach this goal. This has led to Climate Tech being the fastest growing start-up vertical in Europe, with inward investment from across the globe showing its global reach.
- 12.25 Investment in Climate Tech has been driven by corporate venture capital as well as major global corporations. This is a trend that has been furthered by the wider shift towards Green Finance and the emergence of green bonds. For example, Amazon have set up a Climate Pledge Fund with investment of \$2bn into companies that will help to meet their corporate objectives. Other examples include BP Ventures who have invested \$1bn to reinvent the company as an integrated energy company and Schneider Electric Ventures have invested \$1bn to unlock robust pathways to growth for industrial, energy and sustainability startups.
- 12.26 A key reason for this is that the need to address the climate is present across industries. The energy sector and automotive industry need to transition away from fossil fuels and towards renewable sources of energy; The food industry (and agri-tech) will need to support a growing population amid land constraints, whilst maintaining biodiversity; the construction industry will need to develop less carbon intensive processes for the built environment whilst meeting the increased demand for infrastructure.
- 12.27 It is also worth noting that the sector provides training and learning opportunities. The need for highly skilled employees will lead to inherent growth opportunities within the sector and bring with it a benefit to the local workforce and population. Large consultancy firms, such as Ramboll and Deloitte, have pledged to invest billions of dollars into enhancing their own capabilities in these areas through acquisitions and training. The existing on site skills centre has already been re-focused to deliver training for greatly needed green skills.
- 12.28 The above clearly demonstrates that whilst there is a focus on Climate Tech occupiers as anchors for the scheme, there are clear synergies between these occupiers and more traditional occupiers who will also benefit from the redevelopment of the Site.
- 12.29 At present, there is no UK locus on which the Climate Tech sector is focused, and as discussed throughout, the Site provides the scale for development and the Central London location to deliver an exemplar ecosystem. The sector has tremendous growth potential and is relevant across all types of occupiers and sectors, not just for Climate Tech specific businesses but for occupiers of all sorts who understand the importance of an environmentally conscious vision.
- 12.30 If the Earls Court Development can be positioned as the UK's hub for Climate Tech, demand will be high and will be from inwardly mobile occupiers, rather than poaching existing tenants from RBKC and LBHF's existing stock. In this way, the primary focus of the Proposed Development's vision will in effect reduce competition and instead place the Earls Court Development as a

complementary piece to locations such as White City, creating a West London Innovation District.

13.0 Economic and Social Opportunity

Section Summary

A large mixed-use development at the Site will deliver a significant number of social and economic benefits. The new offices, homes and 'ecosystem' created will require an improvement to the local social infrastructure and the site has the potential to incorporate these elements.

- 13.1 The evidence from similar redevelopment schemes shows that significant economic and social benefits will be realised in other parts of the borough. These include:
- An increase in gross value added by the new businesses that will locate in the borough and from their employees spending locally. Between November 2022 and October 2023, the Earls Court Development created an additional £12.9m of gross value added.
 - An increase in business rates revenue which could be used to address local priorities.
 - Employment and upskilling opportunities. The changing nature of London can lead to a diverse and exciting mix of sectors in the borough creating not just jobs but also the potential to train and develop residents in skills that are required in a post-Covid economy. In the year between November 2022 and October 2023, 599 FTE jobs were created by the Earls Court Development. The onsite training centre is already providing various programmes, including training local people in much needed green skills, whilst the 'meanwhile uses' that are provided on the Site focus on local businesses and people. The Earls Court Community Fund supports local projects delivering community activities and resident support.
 - There are multiplier benefits to the wider borough from business-to-business/supply chain activities. Between November 2022 and October 2023, the Site attracted an additional spend of £25.7m in the local economy.
 - The opportunity for entrepreneurs and enterprises to grow. A significant office development in Earls Court will provide the platform for local entrepreneurs and small and medium sized businesses to grow and not be constrained by a lack of available space.
- 13.2 In 2022, the Centre for Cities wrote a report called "Making places: The role of regeneration in levelling up" in which they showcase the redevelopment of King's Cross as an exemplar development project. In the report they highlight the following economic benefits that resulted in King's Cross. These include:
- The number of firms almost doubled between 2010 and 2021.
 - The attraction of the new office market to large occupiers like Facebook, Universal Music, Havas, Auto Trader, and Google.
 - An uplift in employment from 8,000 to 27,000 between 2011 and 2019 – almost 240% jobs growth during this period.

- Less reliance on professionals and financial services with a broad and diversified occupier base across real estate uses.

- 13.3 Moreover, they argue the development of King's Cross could have been more successful had there been more office development, allowing for a more significant number of productive businesses to agglomerate in the new business district.
- 13.4 Previous major development projects in London, such as King's Cross have shown significant and overwhelmingly positive uplift to the socio-economic fabric of a previously under-used location. The scale of the opportunity at the Site will facilitate similar benefits. However, positive lessons can be learned from King's Cross especially in terms of how much more successful it could have been if there were more office development.

14.0 Conclusions and Recommendations

- 14.1 This report has been provided to demonstrate the need for office uses to make up a significant proportion of proposals at the Earls Court Development. Current proposals aim to deliver a maximum of 270,000 sqm GEA of commercial workspace across a range of building typologies delivered in three main commercial clusters. Whilst the vision for the Earls Court Development will focus on becoming a new locus for innovative Climate Tech occupiers, it is expected that a successful scheme will draw in occupiers from various business sectors and from locations across the Capital.
- 14.2 Knight Frank and JLL have assessed qualitative and quantitative factors to demonstrate the need, justification, and benefit in delivering office accommodation of this quantum as part of the Proposed Development.
- 14.3 The qualitative analysis focuses on the need for offices to deliver world class places and how their inclusion is vital to support mixed-use masterplans. An assessment of why the Earls Court Development is a suitable location for offices, the impact of offices on viability and deliverability, and the benefits and need for allowing for future growth is provided.
- 14.4 The Site provides LBHF and RBKC with a unique opportunity. It is the largest cleared development site in Central London, and it thereby gives ECDC and the boroughs the chance to work together to create a truly world class destination through the curation of an iconic mixed-use masterplan. Since the redevelopment of King's Cross and Battersea Power Station, the opportunity to provide projects of this scale is typically confined to peripheral locations such as Canada Water and Brent Cross. Surrounded by 3 London Underground stations and arterial road access to some of the UK's most innovative markets, the Site can leverage its location and iconic heritage to appeal to occupiers across use classes.
- 14.5 Planning permission and site allocations do not in themselves necessarily convert to actual scheme delivery. Not only is the site of rare scale, but that it is held within the Applicant's sole control allows for a coordinated delivery, ensuring significant harmonious development can come forward across both boroughs.
- 14.6 The delivery of a high quality workspace product, set in a carefully curated environment with outstanding facilities and public realm will act as a driver of demand for tenants from across London, marking the Earls Court Development out as an attractive alternative for occupiers when compared to other submarkets in London.
- 14.7 The inclusion of office space is vital to supporting the creation of this masterplan. Offices generate daytime activity that helps to sustain the inclusion of 'Ground Floor' uses across the masterplan and surrounding area, encourage visitors, provides employment and training opportunities, and improves social and economic benefits over and above single-use schemes. It is notable that since the closure of Exhibition Centres, the surrounding retail and leisure offer has struggled despite the strong residential population due to the lack of a working population.
- 14.8 Offices make up a viable alternative to residential uses and help with efficient scheme delivery. Monofunctional residential schemes require long absorption periods which has implications on funding strategies, speed of delivery and the provision of necessary on-site infrastructure and

amenity. The overwhelming quantum of residential uses within the Extant Permissions for the Site and the implications that this had on overall scheme viability is a key factor in why development has not yet been brought forward at the Earls Court Site.

- 14.9 Knight Frank and JLL's analysis shows that it is crucial that a critical mass of office is delivered on site to support the creation of a newly established submarket. Occupiers like to cluster and will require some comfort that if they move to the Earls Court Development others will follow. On this basis, it is important to target a pre-let to help put the Proposed Development on the map. However, this presents a slightly circular argument; to attract a suitable pre-let, an occupier will need to buy into the vision and see that others can follow. As such, early phase quantum and scope for growth are both vital in establishing a new submarket.
- 14.10 Knight Frank and JLL have undertaken a review of comparative development schemes and note that they will typically deliver in excess of 20% of total area as office floorspace (and often significantly higher proportions). The submitted proposals target 36% of the scheme (NIA) to be delivered as office floorspace.
- 14.11 Comparable projects have also demonstrated that success within the masterplan often spreads to deliver success to the wider area. This is particularly evident at King's Cross, where sites surrounding the estate are now being developed with a commercial focus. Success at the Earls Court Development could similarly encourage a wider revitalisation of surrounding parts of RBKC and LBHF by driving rental growth and occupier demand in the boroughs.
- 14.12 The ability for future commercial growth and delivery will ensure the continued evolution of the masterplan. Residential uses are typically less evolutionary, whereas working patterns and requirements change over time. This requires workspaces to be refreshed regularly over time, resulting in continuous evolution across the masterplan, preventing stagnation and a downgrade of the development. To this end, the inclusion of office within both early and later phases of the masterplan is beneficial to the long-term sustainability of the development.
- 14.13 The Earls Court Development does not need to be directly competitive with the existing submarkets within LBHF and RBKC. The established submarkets all have their own focuses and attractions, and similarly the vision for the Proposed Development is to create a Climate Tech hub that works in tandem with the innovation cluster at White City and helps to deliver on the objectives set out within LBHF's Industrial Strategy.
- 14.14 Occupiers are now less attached to location and are focusing on specification; to this end new developments across London will provide competition to existing hubs. Delivering high quality accommodation at the Earls Court Development will not only attract new occupiers to LBHF and RBKC who might otherwise have looked elsewhere, but may in fact encourage tenants to remain in the boroughs and drive further investment in local areas.
- 14.15 Whilst national planning policy suggests town centre uses such as office should be delivered around designated town centre locations (which the Site is not), there are numerous mitigating factors that make the Site suitable for office use. Whilst not a designated town centre in either RBKC or LBHF's local plan documents, both council's do recognise the Site as a location for commercial development. It is allocated within the London Plan to provide 5,000 jobs and allows for the creation of high-quality workspace at scale that cater to a range of occupiers and local businesses.
- 14.16 Moreover, as set out above, the Site's unique scale presents an unrivalled opportunity to align development with LBHF's Industrial Strategy, and provide a development that focuses on innovative Research & Development type uses, provides a mix of unit typologies that cater to SMEs and allow for entrepreneurial growth on site, will reintroduce cultural and leisure uses on

site, will deliver homes, affordable workspaces and collaborate with local anchor institutions such as Imperial College London.

- 14.17 The report includes a data-driven market analysis that focuses on the London Market, leasing trends, market demand, market supply, and growth factors.
- 14.18 Knight Frank and JLL's research shows that office stock is declining across London and is becoming increasingly focused on East London submarkets. The Earls Court Development will provide a key opportunity to redress this balance and create a high quality commercial destination in West London.
- 14.19 The majority of office stock across LBHF and RBKC is ageing and of lesser quality with small floorplates and low average EPC ratings. This points to the need for significant redevelopment across both boroughs so that it can remain competitive with the rest of the capital, as the leasing market focuses on high quality office schemes with good amenity and environmental credentials.
- 14.20 London's leasing market has recovered since the end of the Pandemic. Far from being the 'death of the office' volumes are now trending back towards long-term averages. Demand remains robust and there is increasing evidence that occupiers are expanding rather than contracting.
- 14.21 Demand is less focused on location and is instead now largely driven by quality of space. On this basis it will be important for LBHF and RBKC to deliver high quality office development to not only attract new occupiers to the boroughs but retain existing occupiers. As referenced elsewhere in this report, this change in occupier trend effectively now means that all London submarkets will act as competition to the existing stock, rather than solely new development in-borough.
- 14.22 Future demand is robust and good growth is expected across the local economy. The key drivers of this growth in the next 5 to 15 years are expected to be public administration and defence, information, and communication (including innovation sectors such as Climate Tech) and administration and support. Actual job creation and economic uplift is expected to exceed Oxford Economics' projections. This will in turn increase the amount of floorspace that is required.
- 14.23 The market is currently showing above average levels of demand with active requirements in 6 out of 9 tracked sectors well above the 10-year average. As mentioned, occupiers are also showing increasing flexibility in their location preferences which opens up the possibility of moving to new submarkets for the right quality of building.
- 14.24 Knight Frank and JLL's analysis suggests that this demand will likely continue in the medium term. Between 2024-30, there are almost 6.5m sqm of office leases expiring across London. Some 60% of these expiries occur between 2027-30.
- 14.25 Conversely, the supply of desirable new and refurbished space remains limited. Whilst LBHF and RBKC both have higher than London average levels of vacancy this is in large part due to the nature and quality of existing stock. New build vacancy in LBHF, for example, is concentrated within a handful of buildings.
- 14.26 There are development projects in the pipeline in both boroughs, but it is unlikely that a large amount of this space will actually come forward because raising finance remains a challenge as development costs are high and many schemes require significant de-risking. In addition, development finance is more likely to be extended to developers with skill and expertise. The lack of existing and forecast quality space will limit available choice to occupiers and re-direct

leasing activity to other parts of London. The Earls Court Development, however, provides a significant opportunity to deliver the quantum and quality of space that could transform local office markets into world class space, and importantly is in the control of a master developer, which will allow a coordinated and efficient delivery.

- 14.27 The above average levels of market demand and low levels of desirable supply could combine with the modest development pipeline in Central London to focus demand on non-core and newly established submarkets.
- 14.28 The Proposed Development stands out as an opportunity to establish a new submarket. The Site's proximity to major universities and connectivity to other innovation districts marks it out as a strong proposition for emerging growth sectors that focus on innovation and research. These locational aspects correlate strongly with the Earls Court Development's vision to deliver a Climate Tech hub which builds on themes set out in the LBHF Industrial Strategy and Imperial College London's objectives.
- 14.29 By assessing the future supply against the demand scenarios, Knight Frank and JLL's research suggests that there will be a shortfall in terms of future supply in all scenarios across LBHF and RBKC and that there is capacity for the Proposed Development to deliver office space to meet this supply gap.
- 14.30 This report justifies the need and benefit of including offices within the Earls Court Development. Offices are a key component of a mixed-use masterplan, assist in the successful delivery of a scheme, and will help with council aims to deliver jobs, employment, and a range of innovative workspaces. Offices support other uses on site and are vital in bringing vitality and vibrancy to a development. Critical mass is required to attract occupiers to the Site, but also to cater to future success across the Site. The scale of the Site is unique and allows for the provision of best-in-class space with a focus on emerging sectors that will not only retain talent in the boroughs, but due to an increasing demand for high quality space over location, attract new occupiers and inward investment. Market dynamics show that there is demand for newer, high quality workspaces across the capital, with low vacancy in new and refurbished developments, very high levels of demand (which will continue due to the high quantum of lease expiries in the medium term), and a shortage within the development pipeline. The lack of opportunity in core submarkets due to restricted development availability, will allow for new submarkets to establish themselves, and its central location and scale mark out the Earls Court Development as a key candidate to do so. Moreover, the lack of suitable existing stock within LBHF and RBKC and the lack of alternative development options that exist to deliver the requisite quantum and typology of workspace, highlight the Site as a clear candidate for commercial development. By delivering the development of commercial workspace at Earls Court, the Applicant has the opportunity to deliver a truly world class innovation ecosystem and mixed-use masterplan within RBKC and LBHF that can complement the existing office provision, encourage future development, and assist in creating a global beacon for innovation and growth within West London.

Glossary

Acre

A unit of measuring land which is equal to 4,840 square yards (0.405 hectare) / 4046.86 square meters.

Aisgill Gardens

Character Area within the Earls Court Development characterised by a community green.

Applicant

Earls Court Partnership Limited.

Bioline

The deck covering the southern extent of the West London Railway Line (WLL).

Carbon

Carbon dioxide or other gaseous carbon compounds released into the atmosphere, associated with climate change.

Character Area

Areas within the Site with their own distinct characteristics in terms of layout, appearance, landscape and public realm provision, built form and materiality, drawing on local context.

The proposed development is sub-divided into the following Character Areas:

- West Brompton
- Empress Place
- The Table
- Warwick Crescent
- Aisgill Gardens
- West Kensington
- Lillie Sidings.

Community Hub

In reference to Meanwhile Use Community Hub on Site off Aisgill Avenue.

Delancey

A specialist real estate investment, development, and advisory company whose specialities compass retail, residential, logistics and commercial real estate across London and the UK.

Design and Access Statement (DAS)

Otherwise known as a DAS. A report accompanying a planning application that provides a framework for applicants to explain how a proposed development is a suitable response to the site and its setting, and to demonstrate that it can be adequately accessed by prospective users.

Design Team

In reference to consultants outlined in the DAS chapters 1 and 2.

Detailed Component

Part of the Hybrid Planning Application that includes a level of detail that would amount to a full planning application (e.g. for access, appearance, landscaping, layout and scale), and are therefore submitted with no matters reserved.

- The RBKC Detailed Proposals comprise of EC05 and EC06

- The LBHF Detailed Proposals comprise of WB03, WB04 and WB05

Development Plan

A Development Plan is a collection of planning documents which guides development decisions within a Local Authority Area.

For LBHF the development plan for the Site comprises:

- The London Plan (2021); and
- The London Borough of Hammersmith and Fulham Local Plan (2018).

For RBKC the development plan for the Site comprises:

- The London Plan (2021); and
- The Royal Borough of Kensington and Chelsea Local Plan (2019).

In time, Local Authorities are required to review the existing local plan/ create new local plans to ensure the information/ policies contained within these documents are up to date. Prior to adoption, these documents are called emerging Local Plans, and are material considerations holding various weight in planning decisions depending on how close they are to adoption.

Emerging Local Plan documents replace parts of the existing Local Plan (e.g. the replacement of planning policies) / an entire Local Plan document once adopted.

The RBKC are currently undergoing a Local Plan Review, with the following emerging policy

likely to be adopted prior to submission/ determination of Earls Court:

- RBKC New Local Plan Review (NLPR) main modifications expected to be published early 2024.

In addition to the Development Plans, regard should be had to the following Material Considerations:

- National Planning Policy Framework ('NPPF'), updated 2023
- National Planning Practice Guidance ('PPG'), updated periodically
- Relevant London-wide and Borough Supplementary Planning Guidance ('SPG') documents

Development Plot

A Development Plot identifies areas within Development Zones where buildings, communal areas and public realm will come forward. Also referred to as a 'Plot'.

Development Specification

One of the Control Documents. It defines and describes the Earls Court Development and provides information in relation to:

- The development for which Outline Planning Permission is sought, with applications for Reserved Matters Approval ("RMA") to be applied for in the future.
- The development for which detailed planning permission is sought.
- The documents, drawings and plans submitted with the Hybrid Planning Applications, including those submitted for approval and those submitted for information to support their determination.
- The development content including the quantum of

floorspace, units and bedrooms for each land use, public realm and parking.

Earls Court

The neighbourhood in which the Proposed Development falls within.

Earls Court Development Project Name.

Earls Court Development Company (ECDC)

The Business Manager responsible for the delivery of the Earls Court Development on behalf of the shareholders.

Earls Court Partnership Limited (ECPL)

The Applicant.

Earls Court and West Kensington Opportunity Area

Opportunity Area designated by the Greater London Authority (GLA) and falls within the RBKC and LBHF.

Within the GLA, the Opportunity Area is marked out as being London's principal opportunities for accommodating large scale development to provide substantial numbers of new employment and housing, with a mixed and intensive use of land and assisted by good public transport accessibility.

The Proposed Development falls within the Earls Court and West Kensington Opportunity Area has been designated as being able to indicatively deliver 6,500 homes and 5,000 jobs.

Earls Court Development Site

The Proposed Development that this Hybrid Planning Application relates to. Located within the Earls Court Opportunity Area.

Empress Place

A Character Area characterised by innovation and creativity. It forms a new commercial cluster with a diverse mix of creative and innovation spaces, leading to a landmark residential building and major cultural venue.

Empress State Building

Existing office building located adjacent to the southwest boundary of the Site.

Environmental Impact Assessment (EIA)

The EIA is a process consisting of the preparation of an environmental statement to assess the potential environmental effects of the Development.

(Former) Exhibition Centres

Buildings within Earls Court with a large entertainment and cultural history which were demolished between 2015 and 2017.

Extant Permissions

Extant permission is an approved planning consent which is still valid. There are two main existing planning permissions of relevance to the Site.

Within RBKC:

- Outline Planning Permission (ref. PP/11/01937) dated 14th November 2013, as amended by various NMAs.
- Reserved Matters for 'Earls Court Village Area'

(ref. PP/13/07062) dated 3rd April 2014.

- Reserved Matters for Development Zone WV03 (ref. PP/16/07386) dated 3rd May 2017.

Within LBHF:

- Outline Planning Permission (ref. 2011/02001/OUT) dated 14th November 2013, as amended by various NMAs.
 - Reserved Matters for Earls Court Village Area (ref. 2013/05200/RES) dated 10th April 2014.

Several other planning permissions were also originally secured in association with the original masterplan e.g. West Brompton Square redevelopment.

Flexible Plots

Plots with potential for different typologies (i.e. residential or commercial) where the potential alternative scenarios are coded specifically within more flexible parameter envelopes than for other plots where proposed land uses would not result in materially different building sizes or configurations.

Greater London Authority (GLA)

The Greater London Authority (GLA) is London's regional planning body. The Mayor of London leads the GLA. Together they produce the London Plan, a strategic planning document for London as a whole.

Major planning applications, such as the Proposed Development are also referred to the Mayor of London who will decide these applications.

Gross External Area (GEA)

Broadly this is the area of the entire footprint of the building including the external envelope.

Gross Internal Area (GIA)

Broadly speaking the whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. GIA will include: areas occupied by internal walls (whether structural or not) and partitions.

Hybrid Planning Application(s)

Two Hybrid Planning Applications with a red line drawn down the borough boundary and with duplicate Hybrid Planning Applications will be submitted to each borough.

The RBKC Hybrid Planning Application, will have plots submitted in detail referred to as the "RBKC Detailed Component" and the remainder of the Site to be submitted in outline and referred to as the "RBKC Outline Component".

The LBHF Hybrid Planning Application, will have plots submitted in detail referred to as the "LBHF Detailed Component" and the remainder of the Site to be submitted in outline and referred to as the "LBHF Outline Component".

Illustrative Masterplan (masterplan)

The Illustrative Masterplan has helped to inform the strategic framework development and pre-

application design evolution / consultation that has established a clear vision and place-making ambition. It represents an informed interpretation of how the Control Documents and Site-Wide Strategies could work together and what the Proposed Development could look like. It also forms the basis for some contextual assessments that are submitted with the Hybrid Planning Application to assess one way in which the Proposed Development could come forward within defined land use caps and scale parameters.

Indicative Development Programme

The Proposed Development works are anticipated to be undertaken over 13 years for the Early Phases (completion targeted for Q2 2037) and 19 years for the All Phases (completion Q2 2043).

LBHF Detailed Component

The LBHF Hybrid Planning Application is formed of detailed development proposals in respect of plots WB03, WB04 and WB05 for which no matters are reserved ("LBHF Detailed Component").

LBHF Hybrid Planning Application

The LBHF Hybrid Planning Application is formed of the LBHF Detailed Component and the remaining aspects of the Proposed Development within LBHF for which all matters are reserved.

LBHF Site

LBHF Hybrid Planning Application Site address: 'Land bounded by North End Road, Beaumont

Avenue, West Cromwell Road, West London Railway Line, Lillie Road, land comprising the Empress State Building, Aisgill Avenue, The Former Gibbs Green School and Properties Fronting Dieppe Close.'

Lillie Bridge Depot (the Depot)

The Lillie Bridge Depot comprises the Lillie Bridge Depot maintenance/marshalling yard and rail tracks which are located in the central and northern portion of the Site. Also referred to as 'the Depot'.

The Depot is currently used as a maintenance facility by London Underground Ltd (LUL) and comprises a series of sheds and industrial buildings. Ashfield House, an office building of 9 storeys, can be found on the northern edge of the Site and is used as a Transport for London training facility.

Lillie Sidings

Character Area within the Earls Court Proposed Development characterised by culture and heritage.

Local Plan

The local planning authorities (LBHF / RBKC) will have a set of policies and guidance that they have developed called their Local Plan, which form part of each of the Council's Development Plan. Planning applications are assessed against their compliance to Local Plan policies.

Local Authority

The local government body that is empowered by law to exercise urban planning functions for a particular area.

London Borough

The London Boroughs are the 32 local authority districts that together with the City of London make up the administrative area of Greater London. Both the RBKC and the LBHF form part of the 32 London boroughs.

London Borough of Hammersmith and Fulham (LBHF)

The Local Planning Authority for the western part of the Site.

London Plan

The London Plan is produced by the Greater London Authority (GLA) it covers all of London and local authorities need to develop their local plans so that they are in line with the GLA policies. This document forms part of the Development Plan.

London Underground Ltd (LUL)

London Underground Limited (LUL), is a wholly owned subsidiary of Transport for London (TfL), the statutory corporation responsible for the transport network in London. Undertakes maintenance and renewal of the infrastructure and rolling stock for the London Underground.

Material Considerations

A Material Consideration is a matter that should be taken into account in deciding a planning application or an appeal against a planning decision. These matters can include previous planning decisions, proposals in the development plan, alongside many additional considerations.

Meanwhile Uses

Temporary uses to activate vacant parts of the Site.

Neighbourhood Plans

Neighbourhood plans are developed by local communities and are also part of the local planning policy and fall under the Development Plan documents. On 21 June 2021, the West Kensington and Gibbs Green Community Homes Forum published their Regulation 14, first draft version of their Neighbourhood Plan. This relates to land to the west of the Site.

Net Internal Area (NIA)

Net usable area within a building measured to the internal face of the perimeter walls at each floor level. Broadly speaking, this measurement includes the GIA figures, removing the areas of the building that are not 'lettable / saleable' e.g. corridors, columns, servicing areas, bin stores.

Net Zero

A target to completely negate the amount of greenhouse gasses produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere.

National Planning Policy Framework (NPPF)

This is produced by the government in the Department for Levelling Up, Housing and Communities (DLUHC). This level of policy is very high level, it requires local authorities to develop their own plans and also to engage local people when doing that.

Opportunity Area(s)

London's key locations that have potential for large scale development, providing substantial new jobs and homes. Earls Court is an Opportunity Area.

Outline Component

The part of the Hybrid Planning Applications where full details have not been provided and matters are reserved for later determination (through future Reserved Matters Planning Applications).

- The RBKC Outline Component comprises the identified Development Zones, plots and landscaping to be submitted in outline with matters reserved for future determination at a later date.
- The LBHF Outline Component comprises the identified Development Zones, plots and landscaping to be submitted in outline with matters reserved for future determination at a later date.

Parameter Plans

One of the development Control Documents. A series of plans defining the physical framework for the development, setting the principal spatial layout and arrangement for the Outline Component of the Proposed Development.

Phase 1

Refers to a defined area within the Earls Court Development to be delivered first (Phase 1). This area includes open space, public realm and additional plots to those submitted as part of the detailed components.

Phase 1 does not refer to the detailed components of the Hybrid Planning Application.

Phasing

Refers to the planned delivery of the Proposed Development.

Place Pillar(s)

Four key pillar(s) which underpin ECDCs vision and create the identity of Earls Court:

- Earls Court will be a celebration of nature and its ability to connect and revive
- Earls Court will be a showcase for climate and clean innovation and skills
- Earls Court will be a cultural ecosystem for the future of talent
- Earls Court will be an inspiring neighbourhood designed for all stages of life.

Planning Application

A document or set of documents asking a local planning authority for official permission to build something new, or to make changes to an existing building.

Planning Statement

A supporting document submitted with a planning application to identify the context and need for a proposed development and assess how a proposed development accords with relevant national, regional and local planning policies.

Plot

See Development Plot.

Project Name

The Earls Court Development.

Proposed Development

The Outline and Detailed components within each borough.

Purpose Built Student Accommodation (PBSA)

Accommodation built with the specific intention of being occupied by students.

RBKC Detailed Component

The RBKC Hybrid Planning Application is formed of a Detailed Component in respect of plots EC05 and EC06 for which no matters are reserved ("RBKC Detailed Component").

RBKC Hybrid Planning Application

The RBKC Hybrid Planning Application is formed of the RBKC Detailed Component and the remaining aspects of the Proposed Development within the RBKC for which all matters are reserved.

RBKC Site

RBKC Hybrid Planning Application Site address: 'Land bounded by West Cromwell Road, Warwick Road, Philbeach Gardens, Eardley Crescent, Lillie Road, Old Brompton Road and the West London Railway Line; and 1 Cluny Mews'.

Reserved Matters

The Outline Component of the Hybrid Planning Application will reserve the following matters for future approval, but will include a minimum level of detail to be provided in accordance with the Town and Country Planning (Development Management Procedure) Order 2010:

- Access – where access is a reserved matter, "the application for outline planning permission shall state the area or areas

where access points to the development site proposed will be situated”.

- Appearance – the Design Code and Illustrative Masterplan.
- Landscaping – the Design Code and illustrative landscaping strategy.
- Layout – where layout is a reserved matter, “the application for outline planning permission shall state the approximate location of buildings, routes and open spaces included in the development proposed”.
- Scale – where scale is a reserved matter, “the application for outline planning permission shall state the upper and lower limit for height, width and length of each building included in the proposed development”.

Reserved Matters Approval (RMA)

The Proposed Development comprised within the Outline Component will be subject to the submission of applications for RMA to either borough for approval of Reserved Matters which will be required to be in accordance with the Control Documents.

Royal Borough of Kensington and Chelsea (RBKC)

The Local Planning Authority for the eastern part of the Site.

Royal Institution of Chartered Surveyors (RICS)

The UK’s national association for Chartered Surveyors.

Site

The entirety of the Site within the two Hybrid Planning Application red line boundaries.

When not capitalised site refers to other aspects such as site edges, site allocation, site visit and site entrances.

Strategic Framework

Methods that businesses use to outline plans to achieve future goals.

Sustainable Development Charter (SDC)

ECDC has developed the SDC which sets out its sustainability vision and framework for Earls Court and includes goals and objectives for social value, economic inclusion, and environmental wellbeing. The goals underpin the vision and key priorities for the Earls Court Development, but does not form part of the Hybrid Planning Application proposals.

Supplementary Planning Document(s)

Document(s) that build upon and provide more detailed guidance about policies in the Local Plan. Legally, they do not form part of the Local Plan itself and they are not subject to independent examination, but they are material considerations in determining planning applications.

The Table

A Character Area which is the heart of the Proposed Development.

A new public green space, larger than Trafalgar square, forms the centrepiece of the Earls Court masterplan, from West Brompton station to Aisgill Gardens.

Transport for London (TfL)

The local government body responsible for the transport system in Greater London, owner of part of the LBHF side of the Site and part owner of ECPL.

West Brompton

A Character Area characterised by a lively West London crescent. Connects Earls Court station to West Brompton station via a tree lined street full of shops, cafés and restaurants.

West Brompton Square

An inviting square opposite West Brompton Station. Leading to the vibrant landscaped Crescent and quieter lane. The square also provides a connection to the bioline.

West Kensington

A Character Area characterised as a new innovation cluster. This gateway from West Kensington station will deliver a new business district providing space for climate and clean technologies and creative industries.

West Kensington and Gibbs Green Estates

The West Kensington and Gibbs Green Estates are housing Estates to the west of the Site.

This area formed part of the Site for the previous Extant Permissions. However, the Estates were handed back to Hammersmith and Fulham, by ECDC.

West Kensington forms a Character Area that is characterised by an innovation cluster.

West London Railway Line (WLL)

The West London Railway Line (WLL) (part of the London Overground Network) runs through the Site, broadly on the alignment of the boundary between RBKC and LBHF.

Zero Carbon

This means that no Carbon emissions are being produced from a product or service.

Thank you

ECDC/
JLL & Knight Frank
EC.PA.27
July 2024