

The New Industrialists

Each issue one of our Market Experts will take a look at what is happening in one of London's key property sectors. This issue Andrew Sissons, our Head of Industrial Markets & Local Government Advisory, looks at the sector.

It is becoming increasingly difficult for London's makers and manufacturers to find high quality, affordable light industrial and maker space in London. As more of London's industrial space is turned into flats and offices the space for manufacturing and industrial uses is fast disappearing, whilst places like Hackney Wick, Camden and Islington have allowed great swathes of industrial land to be turned into other uses in recent years.

Many London boroughs have lost all of their purpose built manufacturing and light industrial buildings over the last 20 years. There are currently 7,000 hectares of industrial land in London, but this is decreasing at a rate of 106 hectares per annum. Actual floor space decreased from 25.8 million sq ft to just under 20.8 million sq ft between 2010 and 2017. Industrial land accounts for less than 5% of London's total land area and use. Conversely, London is enjoying a renaissance in making and manufacturing which has seen many new businesses grow and flourish over the last 10 years. We are now seeing strong growth in requirement for space from London's new economy, particularly from those businesses in the light industrial, artisan, craft and making sectors.

But is it all bad news for the future in this part of London's economy? Will London's industrial base continue to decline? Hopefully we are going to see a boom in the construction of new industrial and maker space in the near future. One reason for optimism is the Mayor of London's Draft London Plan; this now actively talks about the need to protect industrial land and to provide fit for purpose space for London's makers. Many Local Authority planners admit that the pressure to provide housing has led to the demise of their industrial stock in recent years and that they did not foresee the need for this kind of space within the M25. Boroughs freely admit they are now playing catch up and are trying to find new ways of delivering this kind of space in the future.

So, is London experiencing a new industrial revolution? On the ground in certain locations across the capital it certainly looks like it; entrepreneurs, start-ups and small businesses are all making products, particularly craft and bespoke goods, to meet the marked change in consumer habits and the type of goods that people want to buy. Well over 110 craft breweries are based across London alone and it seems every few weeks another new craft beer brand springs up somewhere in the capital.

Businesses are providing what consumers want to buy and the key to this is that independent products and craft goods have never been more accessible, through websites such as Etsy, Not on the High Street and Amazon Prime. Furthermore, consumer demand for independent food and drink of local provenance has become the norm. All of this product needs to be made in

high quality industrial and maker spaces. It is also clear that businesses seeking space are becoming much more discerning and demanding about the kind of industrial and maker space that they want to rent. This is far removed from the traditional approach to manufacturing space. We are seeing that makers and manufacturers are no longer satisfied with being located in a corrugated shed on an industrial estate in an out-of-town location, with a burger van for company. These businesses want to be in the heart of the communities that they serve in cool urban locations. They are seeking to be part of a story about a business location and want to be in a place that has a real identity and a narrative.

This is usually a hybrid mix of industrial space with high ceilings that can be used flexibly for a variety of uses beyond making and industrial including office space, gallery and retail space. Its use will change over the ebb and flow of a working day depending on how the business wants to operate. Certainly, design is critical, and businesses are demanding new forms of high-quality urban design led industrial buildings, streets and mews.

Developers such as U + I working with Architects Studio Egret West have been quick to capitalise and develop great industrial led mixed use schemes such as Caxton Works in Canning Town. This has been very quick to fill up with a range of makers, catching the eye of businesses wanting high quality industrial maker space in East London. Lucas Lawrence, Director of Studio Egret West says "There is an emerging group of businesses that have historically found a home in the smaller left-over spaces on Industrial Estates. These businesses are becoming more and more viable as small to medium enterprises and need a specific type of home that provides space tailored to their needs. Space that is robust enough for industry, flexible enough to accommodate making but also engage with the public and with an identity that captures the energy and spirit of the entrepreneurs within. Caxton Works offers a new kind of space by creating an industrial high street for makers".

In other parts of London developers are also promoting new maker spaces and building a cluster of likeminded businesses such as on the Greenwich Peninsular, where developer Knight Dragon is building the innovative Design District which will deliver 160,000 sq ft of bespoke maker space in sixteen "buildings", designed by eight different architects including Assemblage and Selgas Cano for London's design community. The Design District will provide space for 1,800 creators and makers. One of the first projects has seen Knight Dragon team up with Dazed Magazine to offer free workspace for up to five artists for one year.

Enfield Council's flagship regeneration project, Meridian Water, is redeveloping a swathe of brownfield land which will become a mixed-use scheme that replaces a large amount of the industrial space and creates a home for London's makers. Peter George, the Director for Meridian Water at Enfield Council, says that the Council is keen to capitalise on the demise of the affordable maker and creative space that has been redeveloped across North and East London. The Meridian Water development will be guided by three main pillars of placemaking, one being "your place to make and create", positioning the area as a new home of production in London.

More information can be found at www.meridianwater.co.uk So, all in all the future for London's new industrialists looks bright; hopefully the space that is so desperately needed for this important part of London's economy will continue to thrive with new innovative ideas and solutions to build spaces where these new businesses can flourish.

CF Commercial is working on a range of mixed use developments across London that will provide new fit for purpose maker and industrial space in a variety of locations and price points. For further information please contact

Andrew Sissons is the head of industrial markets and local government advisory. Andrew has developed an extensive client list of major developers and property funds with a specific interest in industrial, workspace and energy centres. Previous to this Andrew worked for Hackney Council for 11 years, starting as a senior project manager at Woodberry Down and moving on to lead the Dalston Junction development and subsequently becoming Head of Regeneration. He is a consultant for Shoreditch based insight, research and advertising agency Protein.

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