

Keeping the creatives happy

Westminster's policies for the creative industries needs some further thought argues JLL's Jeff Field

WESTMINSTER CITY COUNCIL has been trying to work out its policy approach to creative industries and how these might be protected or enhanced. Some recent research has produced information that points to a non-interventionist approach and given falling market conditions this may be the right strategy. There is also a view that the council's current policy is hampering sustainability objectives.

Existing policy

Westminster has had a long-established policy for protecting light-industrial space, even after the Use Classes Order 1987 brought offices and light industry together into the same use class, making them interchangeable.

In the council's current UDP, this strategy is transferred to the so-called Creative Industries (media, marketing and PR, software, publishing, fashion, etc) within a defined Creative Industries Special Policy Areas (CISPA). Geographically based (around Soho, Fitzrovia and Covent Garden) this aims to protect light industrial floorspace from redevelopment and encourages new or re-provision.

The aim is to encourage creative industries to flourish and develop, as well as to retain them. A report commissioned by the Council _ stated that the "West End Soho, St James's and Mayfair have the highest concentration of creative businesses in the UK and possibly the world" – a rather significant boast.

Bumping against rental ceiling

Problems facing the media industry in Westminster were highlighted in Jones Lang LaSalle's research paper *Moving*

Medialand which came out last September. There is a strong sentiment that advertising agencies cannot afford rents beyond £50 to £55 per sq ft.

Ideally, creative industries can pay £40 to £45 per sq ft as they work on an occupancy cost of 5% to 10% of revenue. So whilst the property world is licking its wounds, this market fall is good news for creative industries. It is estimated that 2.2 million sq ft of the media sector is to experience lease reviews or renewals over the next two years.

Only 1% occupy light industrial

What is significant however is that the occupiers do not generally desire Category A office space nor large buildings (although there are of course some exceptions). They are more interested in the interior of the buildings than the external appearance.

They prefer buildings suitable for conversion, and when making improvements, they focus on producing creative internal spaces.

Media occupiers require highly serviced office buildings – at least a good modern spec because of their significant requirements for IT infrastructure.

Our research also showed that companies want to stay in Soho and Noho as that is where they want to be and media firms will do whatever they can to stay there. They are "reluctant leavers".

This includes the larger holding companies, their subsidiaries and the smaller independent companies. Research produced in Westminster's commissioned report shows that 90% of the creative industries have 10 or fewer employees and that 80% have 1-4 employees.

What this means is that companies can



Jeff Field, director and chairman of the JLL Planning Group

adapt to given market conditions. Co-location of smaller agencies, some consolidation and movement into neighbouring boroughs are available. Whilst Westminster contains 64,237 jobs in this sector, the figures for Camden (32,016), Hammersmith and Fulham (23,016), and Islington (18,613) demonstrate that it is not all about Westminster. There is a role for other boroughs in these London-wide industries.

The Westminster report is also instructive. It suggests that of all of the businesses interviewed from the creative industries sector, only 1% occupied light industrial floorspace.

This must have been quite galling given that it is on this premise that the council's current planning policies for creative industries are based. Therefore, should the council continue to intervene or should it adopt a different approach?

The new policy

The latest version in the Core Strategy Preferred Options suggests a borough-wide approach rather than sticking with the CISPA or adding further smaller clusters of these "industries".

The proposed policy states that "the council will seek a range of business floorspace to maintain economic resilience, improve accessibility to business opportunities and premises within Westminster, and support the Creative Industries sector". The possibilities include affordable workspace, workshops and

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studios and flexible workspaces.

It seems that the planning policy framework has moved little in the sense that workshops (light industry) are still encouraged by policy, although the council's own research confirms that creative industries rarely occupy this space.

Also, it means that the council could seek a range of business floorspace in inappropriate locations.

The proposal for affordable workspace is an interesting one, but why should a Conservative-led borough wish to control the market? And, because of current viability issues, surely this policy will frustrate developments coming forward where they are most needed. It is also highly uncertain how this policy will work in practice, and is likely to add to the woes of landowners and developers. At least you knew where you were with the CISPA.

Soho and sustainability

Retrofitting Soho is the name of a new study aimed at improving the sustainability of historic core areas, produced by the University of Westminster. This study is relevant because of its overlay on the CISPA.

Data used shows that in 2003, Soho produced 68% more emissions per unit area than Westminster as a whole and eight times that of Greater London.

With its focus on existing buildings, it did not go unnoticed that 25% of the built up area of the Soho Conservation Area is defined as not being of historic merit; it suggests that these infill possibilities offer beacons of sustainability. However, these could be constrained by both the council's existing and emerging planning policies.

On existing buildings, the report's main conclusion was that there is a perception that little or no retrofitting is allowed by the council in the Soho Conservation Area. With IT and thus energy-heavy creative industries dominating this district and occupying much secondary floorspace, energy efficiency and sustainability are clearly going to move up the creative industries agenda. The report suggests bridging the gap between planning policies

on sustainable buildings, conservation, action plans and supplementary planning guidance, but there are no recommendations for land use policy changes.

Of the report's five defined levels of retrofitting existing buildings, levels 3 to 4 would require some form of planning decision, but it is questionable whether the council's policies are positive enough.

The case for retrofitting is made most strongly in the report – new buildings add only 1.5% to the building stock each year. Action is suggested on the part of landlords and tenants as well as the council but what is clear is the need for a proactive approach to make things happen.

One thought must be that the council could be more encouraging of redevelopments or retrofitting that may result in the loss of light industrial floorspace yet produce major advances in the sustainability objectives.

Overview

So where does this get us? Creative industries are supported at national level (the draft Planning Policy Statement on Planning for Sustainable Development (PPS4)) and through the London Plan. Westminster can take into account, in its plan-making and decision-making, the locational requirements of businesses,

especially when certain types of businesses locate near each other – a characteristic of the media sector. Westminster will also need to decide whether it prefers affordable workspace – in the current market. With the media industry's fixed maximum rents, some aspirations will need to give.

The council's commissioned report states that the policies of the UDP around the Creative Industries Special Policy Area should be reconsidered. The question is whether planning policies can be formed to help these industries, whether the new suggestions are a backwards step; and whether they should let the market decide whilst giving every encouragement for more sustainable developments in places like Soho and in the heart of the Creative Industries Area, as well as the new clusters.

This debate will continue when the council produces its detailed policies for making decisions, when no doubt landowners and developers will be considering their positions.

1. Creative Industries – GVA & BOP Ltd (Oct 2007)
 2. 'Moving Medialand' – JLL Research Dept (Sept 2008)
- Retrofitting Soho – 'Improving the Sustainability of Historic Core Areas' – University of Westminster (Dec 2008)



Is this what creatives want? A new breed of good-looking, low-spec space. The Yellow Building, Notting Dale, W11, has been described as a "white collar factory" targeted at creative users. It was commissioned by fashion retailer Monsoon and designed by AHMM. Agents are Pilcher Hershman.