Commercial Strategy
ECDC, JLL & Knight Frank
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July 2025

Commercial Strategy Addendum

The Earls Court Development Company

Contents

1.0 Introduction

Overview

1.1 This Commercial Strategy Addendum has been prepared by ECDC, JLL and Knight Frank to form part of the previously submitted Commercial Strategy dated July 2024 (document reference EC.PA.27) to take account of amendments to the Proposed Development (referred to as the "Updated Proposed Development" hereafter) and respond to feedback received from the London Borough of Hammersmith and Fulham ("LBHF") and Royal Borough of Kensington and Chelsea ("RBKC").

1.2 Since the submission of the Hybrid Planning Applications, consultation has been undertaken with LBHF, RBKC and relevant statutory and non-statutory consultees. As a result of the consultation feedback, amendments have been made to the Proposed Development.

1.3 These amendments can be summarised as follows:

- Amendments to Parameter Plans to reduce height of EC03 by one storey, refine massing of WK02 and other incidental modifications.
- Minor design updates to Development Plots within the RBKC Detailed Component (Plots EC05 and EC06) and LBHF Detailed Component (Plots WB03, WB04 and WB05).
- Inclusion of additional and updated codes within the Design Code.
- Development Specification updates to reflect the above amendments.
- LBHF minimum residential unit number increased from 1,600 to 2,000 (proposed to be secured by an appropriately worded planning condition), with maximum office / research and development floorspace in LBHF reduced by 20,000 sqm (GEA).

Summary of Feedback

1.4 LBHF and RBKC reviewed the Commercial Strategy, with advice from specialist consultants Aecom (on behalf of LBHF) and Iceni (on behalf of RBKC) and provided feedback which broadly covered the following key themes:

- The 'Flight to Quality': A New Location and Growing a West London Market
  - Proposed Quantum and Workspace Offers
  - The Purpose and the Ecosystem, and Clean and Climate Tech
  - Competition with Existing Centres
- Market Risk and Flexibility

Report Structure

1.5 Following this introduction the remainder of this Commercial Strategy Addendum is structured as follows:

- Chapter 2 – covers updates to relevant borough and planning policy
- Chapter 3 – provides an update to the London Office Market Overview
- Chapter 4 – responds to feedback from LBHF and RBKC
- Chapter 5 - conclusion
- Appendix 1 – Case Studies
- Appendix 2 – Climate Tech Share of the Market

- Appendix 3 – Earls Court Office Impact Assessment
- Appendix 4 – London Office Market Report

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2.0 Relevant Planning and Borough Policy

2.1 This chapter provides relevant updates to planning and borough policy and supplements Chapter 3 of the previously submitted Commercial Strategy.

2.2 In respect of national legislation, policy and guidance, the NPPF was updated in December 2024 with further minor revisions made in February 2025. The updated NPPF contains no changes of relevance to the Commercial Strategy.

2.3 In respect of local policy, the RBKC New Local Plan (2024) was adopted on 24 July 2024. However, this had been fully considered in the preparation of the Commercial Strategy.

2.4 The GLA published the London Growth Plan in February 2025. LBHF published an update to their industrial strategy 'Upstream London' in November 2024. Both documents are relevant to the Commercial Strategy as outlined below.

London Growth Plan

2.5 The London Growth Plan (the "Growth Plan") was published on February 27, 2025. It was developed jointly by the Mayor of London and London Councils, with input from various stakeholders including trade unions, businesses, and communities. The Growth Plan outlines a 10-year vision for London's growth and how to achieve it, focusing on key areas like emerging technologies and industrial innovation corridors.

2.6 The document highlights London's historical capacity for reinvention, adapting as the world changes, and positions this plan as the strategy for the city's next chapter (p. 6). West London areas, such as White City, are cited as prime examples of recent reinvention and the successful emergence of new growth clusters, demonstrating the potential for transformation outside the traditional city centre.

2.7 The Growth Plan's core ambitions have specific implications for West London:

- **Productivity:** Raising productivity is a fundamental goal, and West London is expected to contribute significantly through its highly productive sectors, such as finance, professional services, and the emerging innovation districts.

- **Inclusion:** The ambition for inclusion aims to ensure that all Londoners benefit from growth. West London includes areas facing significant housing challenges and poverty, making inclusive growth particularly crucial here. Initiatives like the LIFT programme, while anchored in other boroughs, support residents into jobs in growth sectors relevant to West London.

- **Green Growth:** Accelerating net zero progress is a vital ambition, with West London contributing through its green innovation sectors and the need for investment in resilient infrastructure and retrofitting existing buildings.

- **Global Capital:** Growing London's international standing as a global capital involves West London's role through its global city sectors, visitor destinations, and critical international connections like Heathrow Airport.

2.8 The plan explicitly identifies new spatial patterns of growth across London. West London features prominently in this context, with areas such as White City, Old Oak and Park Royal, and the West Tech Corridor – of which Earls Court is a key component - highlighted as future growth hotspots and innovation districts. These areas are seen as having significant potential to drive economic expansion and create opportunities closer to home for Londoners.

2.9 The Growth Plan's actions outline specific strategies relevant to West London:

- **Inclusive Talent Strategy**: Growing the skilled workforce is deemed the most important task. Programmes, with council partnerships, support residents into jobs in growth sectors, including green tech, life science, and creative industries. All of these key focus areas are part of the Earls Court development strategies. West London College is also mentioned in the context of creative industries and Earls Court is already working with them from both a commercial and creative perspective.

2.10 Backing our Businesses: Supporting London's half a million small businesses is key to achieving growth ambitions. This includes supporting the scaling of businesses in growth sectors.

- **Building Housing and Infrastructure:** Rapidly building homes and investing in infrastructure is critical. The West London Orbital is highlighted as a transformational project expected to unlock 7,000 homes. The arrival of HS2 at Old Oak Common is anticipated to open up new economic opportunities (p. 64). The plan maps several strategically important housing developments within West London boroughs (p. 86) and notes the need to extend and upgrade the public transport network, particularly in outer London. Earls Court aims to deliver up to 4,000 new homes and support the growth of economic opportunity in West London, as well as supporting upgrades to local transport infrastructure.

- **Investment and Promotion:** Dramatically boosting investment is a key ambition (p. 89). This involves attracting institutional capital for net zero infrastructure and real estate and focusing on priority sectors and places. West London's innovation districts and industrial innovation corridors are specifically targeted for this investment. The Earls Court Commercial Strategy and development of the climate innovation ecosystem directly respond to this. The 5th Generation Ambient Loop District Network delivers net zero energy and forms the fulcrum of a wider network joint initiative with both Boroughs. The whole development is focused on the creation of place and is focused on the targeted sectors as part of the West London Innovation Corridor.

- **Local Places**: Creating local places where people want to spend time and money is a priority (p. 96). The revitalization of Earls Court and the surrounding areas will play a major role in meeting this objective of the London Plan. In particular, the mixed-use masterplan brings alive the rich mix of businesses and purposes that allow places to thrive and grow – unlike monoculture, purely residential districts. The masterplan proposals will explicitly revitalize the area - already made evident in the Earls Court annual Impact reports.

2.11 The Growth Plan further identifies innovation and creative industries in West London:

2.12 **Frontier Innovation:** West London is identified as a key area for frontier innovation, particularly in life sciences and the West Tech Corridor (p. 61, 64, 66). Imperial College London's activities in Acton and the White City Innovation District are provided as examples of this focus (p. 64, 65). The plan aims to turn frontier innovation into a major powerhouse for the London economy (p. 63). By partnering with Imperial, with a joint Memorandum of Understanding (MoU), having climate tech research projects on site already, and several years of creative events and programmes on site, Earls Court is delivering on this before the masterplan is in place. The inclusion of cultural venues directly intertwined with commercial offerings show how these key areas are interlinked and work together.

2.13 **Creative Industries:** Creative industries are also a significant focus, with West London being home to a major film and TV production cluster but also to a once-thriving music industry. The Earls Court masterplan and the Cultural Strategy outlines actions to secure places for creative industries to grow, including using initiatives like Creative Enterprise Zones and affordable workspace planning provision.

2.14 The London Growth Plan acknowledges West London's existing strengths in productive sectors and creative industries, while highlighting the potential for growth in frontier innovation. The plan outlines specific actions related to talent, business support, housing, infrastructure, investment, promotion, and local places that are directly relevant to West London's development and its contribution to achieving the plan's overarching ambitions.

2.15 In summary, the London Growth Plan positions West London as a vital engine for the city's future economic success. The masterplan and its commercial and cultural strategies make explicit how Earls Court delivers the London Growth Plan.

Upstream London

2.16 LBHF published Upstream London in November 2024. Upstream London is the second phase of LBHF's industrial strategy which seeks to achieve high economic growth across the Borough and beyond. The ecosystem is purpose-led and focused on delivering inclusive economic growth in the Earls Court Development and the surrounding Boroughs. The aim is to deliver employment, skills and attract inward investment to achieve high economic growth – building on the work already underway. The forward-thinking nature of the Updated Proposed Development is shown in the ecosystem being in place prior to the vertical build happening – something most innovation districts aspire to but rarely achieve.

2.17 Matching the key actions in the Upstream London report:

- **Mission-led strategy:** focussing, but not limited to, the clean and climate innovation – the fastest growing sector that will impact over 90% of all businesses.
- **Developing an entrepreneurial culture with onsite space:** supporting and encouraging climate innovators and start-ups, already on site, as well as supporting new arts and culture businesses in the Empress Place.
- **Building Partnerships:** Earls Court has already developed partnerships with Imperial College, the RCA, the Design Museum, Brunel and many others listed above.
- **Place Making:** the masterplan proposals will transform the site and bring it back into use after over a decade of stagnation. Meanwhile activities on site have, for the last four-plus years shown the intent and re-engaged with the communities and wider London.
- **Attracting:** the ecosystem, partnerships and activities in and around the site has already bought considerable economic benefit to the area. The Commercial Strategy intends to massively scale this up.
- **Aligning and building:** education and skills opportunities are key to the Industrial Strategy. The Skills Centre on site has been re-purposed to focus on green skills and training – including the Green Plant Academy – to align with green jobs and growth. Earls Court has also been engaging with local schools and academies, as well as HE institutions to ensure it is all aligned and as many opportunities are available to local people.
- **Established:** we have established links with other innovation districts (IDs). Our strategy has been informed and developed with the input of Dr Julie Wagner of the Global Institute on Innovation Districts (GIID). We have ties with IDs in Milan, Barcelona, New York and beyond.

2.18 ECDC has also undertaken a host of specific activities directly linked to delivering Upstream London. Key activities are:

- Supporting inward investment by growing business ecosystem, with EC being used as a case study for Upstream London and supporting Upstream Nexus in its research work.
- Signed up to the H&F Pathway Bonds and we have committed to producing an annual report on our skills, education and training within LBHF, tailored specifically to the objectives of the Pathway Bonds process.
- Member of the H&F Enterprise board – inputting and making more focussed – helping focus on purpose.
- Supporting the focus on STEMMM through the climate innovation ecosystem, HE partnerships, skills centre and outreach activities.

2.19 The Updated Proposed Development covers the three pillars of Upstream:

1. **Partnerships:** as noted above, with many in and around both Boroughs, wider London and internationally.
2. **Place:** the Commercial Strategy delivers the 'flight to quality' space that will attract inward investment, businesses and ultimately employment, providing critical mass of workspace in a truly mixed-use scheme with a range of uses and levels of affordability. Its flexible approach to land use allows for adaption to the economic needs of the time.
3. **Pathways:** the vision for the masterplan is inclusive, forward looking and ties in with existing collaborations and pathways – with clear benefits to local communities before a spade has been put in the ground.

2.20 In summary, the strategy for the proposed commercial ecosystem at Earls Court aligns with Upstream London and aims to deliver up to 12,000 jobs at the heart of the West London Innovation District.

3.0 London Office Market Overview

3.1 This chapter has been prepared by JLL and Knight Frank and provides an updated overview of the London office market. This supplements Chapter 5 of the previously submitted Commercial Strategy. This updated market data informs the following chapter of this report which addresses brough feedback.

Key Takeaways: London Office Market H1 2025 (January – June)

- Total take-up reached 6.0m sq. ft, 7.3% above the long-term average, driven by a sustained flight to quality.
- Office-based employment is forecast to grow 5.5% annually to 2029, creating incremental space requirements and intensifying demand in core submarkets.
- Development pipeline remains constrained, with only 16.3m sq. ft under construction versus over 40m sq. ft of projected lease expiries between 2025 and 2029.
- Vacancy rates for new and refurbished stock in the City Core and West End Core stand at historic lows of 0.5% and 0.3% respectively.
- Prime rents continue to rise, reaching £167.50 per sq. ft in the West End Core and £100.00 per sq. ft in the City Core.
- Investment turnover improved to £4.1bn but remains 33.1% below trend, with investors favouring core assets.

Take-Up Boosted by Large Deals and Strong Under-Offer Pipeline

3.2 The London office market demonstrated strong fundamentals in H1 2025, with total take-up reaching 6.0m sq. ft, 7.3% above the long-term average. Take-up was boosted by several large deals, with transactions over 60,000 sq. ft reaching their highest total since Q3 2018. Deals under-offer stood at 2.7m sq. ft at the end of the quarter, down from 3.0m sq. ft in Q1 2025, reflecting the completion of a number of transactions during the period. This under-offer figure still represents roughly one quarter's take-up, indicating the potential for sustained activity in the coming months. Activity remains underpinned by a pronounced flight to quality, with 70.3% of all transactions in new and refurbished space. Occupiers are increasingly targeting best-in-class, ESG-aligned buildings to meet evolving workplace and sustainability expectations.

Occupiers Plan Ahead Amid Scarcity Concerns

3.3 Active named demand remains resilient at 10.0m sq. ft, 7.0% above the long-term average, reflecting continued occupier confidence. Almost 45% of current requirements are from occupiers with lease events three to five years away, highlighting how businesses are planning ahead to secure space early in anticipation of a scarcity of suitable high-quality stock. This proactive approach reflects growing concerns over constrained future supply. At present, there are 23 active requirements for offices of 100,000 sq. ft or more, while the number of available new and refurbished offices able to accommodate such requirements stands at only 24, underscoring the emerging competition for large floorplates.

3.4 Projections indicate that office-based employment will grow significantly across London through to 2029, supporting widespread demand beyond just the core markets. Employment growth across London's diverse sectors is expected to drive a 5.5% annual increase in space requirements over the next five years, reinforcing the case for future expansion and intensifying competition for available space. Financial and professional services firms remain dominant in demand, while technology, media and telecommunications occupiers are also contributing meaningfully to growth.

Pipeline Falls Short of Structural Demand

3.5 A critical supply-demand imbalance is emerging as the volume of lease expiries far exceeds planned completions. Between 2025 and 2029, over 40m sq. ft of lease events are expected, yet only 16.3m sq. ft is currently under construction. Of this pipeline, 40% is pre-let, leaving only 10.7m sq. ft of speculative space under construction. Deliveries also fall away sharply from 2026 onwards, limiting options for occupiers in the medium term. In the City Core, the development pipeline covers just 55% of forecast demand, while in the West End Core it addresses only 48%. Vacancy rates for new and refurbished stock are already at record lows of 0.5% in the City Core and 0.3% in the West End Core. Without a significant uplift in starts, occupiers face limited options as demand outstrips available supply.

3.6 In the West End, availability has increased slightly to 7.1m sq. ft, driven by the release of refurbished stock. However, new build availability remains severely constrained, leading to prime rents reaching £167.50 per sq. ft. Development under construction totals 6.6m sq. ft, yet only 2.1m sq. ft is pre-let. With lease expires in the West End projected to reach 9.2m sq. ft by 2029, there is a clear mismatch with the delivery of new supply.

3.7 In the City and Southbank, availability has tightened to 12.8m sq. ft, with new and refurbished vacancy rates falling sharply. Prime rents in the City Core have reached £100.00 per sq. ft. The development pipeline stands at 9.0m sq. ft, with a significant proportion pre-let, leaving speculative space delivery insufficient to meet structural demand. Against forecast lease expiries of 12.4m sq. ft over the next five years, the shortfall in new supply is becoming increasingly pronounced.

3.8 Docklands and Stratford recorded more muted activity, with take-up of 0.17m sq. ft and availability rising slightly to 3.9m sq. ft. Prime rents remain unchanged at £57.50 per sq. ft. Development activity is limited, with only 0.7m sq. ft under construction.

Investors Focus on Core Assets Amid Recovery

3.9 H1 2025 investment turnover reached £4.1bn, an improvement but still 33.1% below the long-term average. Core assets captured 40.3% of total activity as investor appetite continues to grow for larger – low risk - prime assets. Prime yields remain stable at 3.75% in the West End and 5.25% in the city. Investor appetite is strongest for large, core assets as the market recalibrates after a period of reduced liquidity.

Outlook: Supply Constraints to Drive Competition

3.10 London's office market faces a pivotal period as rising office-based employment continues to drive demand for Grade A space against a backdrop of constrained supply. Occupiers with forthcoming lease events will need to plan further ahead and act decisively to secure space in core submarkets where options are diminishing rapidly. The widening gap between structural demand and development completions suggests rental growth is likely to persist, particularly for ESG-compliant and well-located assets.

3.11 For investors, this environment underscores the long-term resilience of London as a global safe haven. Capital is expected to concentrate further on core, income-producing assets, with opportunities emerging for proactive investors to reposition secondary stock into prime quality. Rising construction costs and global macroeconomic headwinds remain key risks, yet they may also limit speculative development and further tighten supply, amplifying competition and strengthening pricing power for landlords over the medium term.

4.0 Response to Borough Feedback

4.1 This chapter addresses the following key themes that have arisen from post-submission consultation comments primarily received from RBKC and LBHF officers, informed by specialist consultant Commercial Strategy review feedback.

A New Location and Growing a West London Market.

4.2 There are two main drivers behind the principal land uses of the Earls Court Development: residential and commercial (i.e. employment). Both are supported by planning and economic policy at national, regional and local levels and they are a focus on housing delivery, including affordable housing, and employment generation, having regard to the London Growth Plan, RBKC Local Plan objectives and, in LBHF, the industrial strategy, Upstream.

4.2 The Updated Proposed Development would be less functional and attractive as a place to live, work and visit and less deliverable without the scale of development and mix of uses proposed. It would also have a much longer build out. More widely, Earls Court aims to be a significant component of the West London Innovation District. The London Growth Plan positions West London as a vital engine for the city's future economic success. It acknowledges West London's existing strengths in productive sectors and creative industries, while highlighting the potential for growth in frontier innovation.

4.3 The commercial space provides a higher degree of diversity of uses and deliverability than residential, whilst also providing long term income, value growth. The mix of commercial and residential uses improve the viability of other use classes e.g. retail, culture, food and beverage (“F & B”) which ensure footfall during the day and into the evening. A mixed-use scheme is more rapidly deliverable, due to the absorption rates compared with an all-residential proposal and creates a place more quickly.

4.4. The proposed land use strategy allows for a balanced mix, with sufficient flexibility to allow for macro-economic impacts in the duration of the build out. This flexibility is important to respond to the needs of time. However, there does need to be a minimum commercial quantum of commercial floorspace to ensure a successful commercial district. Commercial occupiers prefer to group – for many business reasons. Isolated plots never do as well as commercial districts. The Earls Court Commercial Strategy envisages three commercial clusters in close proximity to nodes of public transport, each with more than one building, with a range of office offers, yet closely linked.

4.5 In addition, the land use flexibility of some of the plots allow for a slight increase (or decrease) in commercial quantum. There is also smaller workspace opportunities scattered around the masterplan, again providing variety and linkages across the site.

4.6 An Office Impact Assessment (“OIA”) has been prepared by Urban Shape and is appended to this Addendum to provide further detail in relation to the office element of the Commercial Strategy and its anticipated effects on the surrounding area. Section 2.12 to 2.17 of that document sets out clearly the reasons why Earls Court is a strong location for a new office location.

The ‘Flight to Quality’

4.7 It is important to understand what the commercial market is looking for. The pivot of most businesses to meet the requirements of their staff’s values and aspirations, as well as the focus on Economic, Social and Governance (“ESG”), means that the sought-after space has to be highly sustainable. There is a lot of second-hand low grade stock in and around central London that, whilst meeting the basic criteria, it does not meet the needs of the current market. The industry recognises that there is a gap in the market for this sought-after space, and this will continue to grow, leading to a shortfall in traditional office locations of over 6 million sq. ft in by 2028. Occupiers are no longer fixated on location, but more on the overall offer. As evidenced in other recent developments, where newer stock is delivered, it creates market momentum for upgrading surrounding older stock offices – King’s Cross is a very good example of a location that was not seen as one for offices, but its success has now caused a ripple effect in the surrounding areas. It is typically referred to as the ‘flight to quality’.

4.8 Support for the ‘flight to quality’ and good quality of place: the previously submitted Commercial Strategy provides commentary on the evident ‘flight to quality’ in the London market as part of the return to the office post-pandemic. Having the right quality of office space has become vital for occupiers as they look to entice workers back to the office. The impacts of the ‘flight to quality’ have been seen in several phases;. Initially it was evident that occupiers were becoming more footloose and there were numerous examples of large occupiers relocating outside of their existing office submarkets in a bid to get space in the right building (Clifford Chance to Aldermanbury Square, Frontier Economics to Worship Square, HSBC to Newgate Street). 15 years ago, 20% of tenants of 20,000 sq. ft plus when relocating moved out of their existing postcode, more recently this has been up to 80% moving between submarkets.

4.9 Subsequently the focus switched to established, amenity-rich locations such as the City Core and Mayfair. This has led to unprecedented rental growth in these markets driven by historically low vacancy rates for new Grade A stock (City and West End Grade A vacancy is currently 0.7%). These two facets have remained a key part of the ‘flight to quality’, as has recently been seen with McDermott Will & Emery taking the entirety of 63 New Bond Street, moving out of 22 Bishopsgate, and according to press reports, paying a blended rent of £180 per sq. ft.

4.10 Core locations remain desirable, but the exponential rental growth and small amount of available supply has led to a third phase of the ‘flight to quality’, with cost conscious occupiers now focusing on the advantageously priced opportunities in fringe locations where demand has previously been limited.

4.11 Premier League Studios recently announced deal at Kensington Olympia (a 20-year lease at Kensington Olympia (6th floor) to relocate its broadcasting unit from Stockley Park, the 100,000 sq. ft letting to Arden University at the Turing Building in Stratford, Imperial College at West Works White City, a string of deals at Battersea Power Station, and increased leasing activity for floorspace in Canary Wharf. Locational parameters are widening, but focus remains firmly on the best quality and highest ESG rated buildings.

4.12 Additionally, Incipio, which took 39,000 sq. ft of F&B floorspace at Olympia have now announced four new restaurant operators have agreed terms.

4.13 Olympia is a case that demonstrates that if the right buildings are constructed, providing high quality space and amenity, major occupiers will be attracted to West London.

4.14 This should also be cross referenced with the increasing flexibility of occupiers when determining location and has been evidenced by L’Oréal’s move from Hammersmith to White

City; they were leaving Hammersmith and the provision of high quality space at White City ensured they could remain in the borough.

4.15 This latest iteration of the ‘flight to quality’, especially when allied with flexibility of offer, supports the case for the proposed redevelopment of Earls Court and the scale and mix of floorspace proposed, as well as other local development schemes such as White City and Kensington Olympia, which can look to capitalise on this ‘spillover demand’ by providing high quality buildings at a competitive price point. This can in turn become a self-perpetuating trend, as a high-quality commercial cluster will start to form in this ‘western fringe’, providing agglomeration benefits, attracting future demand, and creating the critical mass that can in turn support the ecosystem that Earls Court is trying to create.

4.16 As is noted in the Commercial Strategy and widely accepted in the commercial occupier sector, the ‘flight to quality’ has meant that there is a shortage in the City and West End of the kinds of space occupiers are seeking. Stock that meets these criteria are taken up very rapidly. It is anticipated that in the next three to five years there will be a shortage in central London of c six million sq. ft of this space (estimates vary slightly). Even allowing for plots due to start on site, there will be a shortage. This is also pushing occupiers to look for alternative locations, especially if the wider offer has the kind of amenity and attractive offering in the area.

Proposed Quantum and Workspace Offers

4.17 The proposed commercial space provides a higher degree of diversity of uses and deliverability than residential, whilst also providing long term income, value growth and supporting the deliverability of the Updated Proposed Development. The mix of commercial and residential uses also improve the viability of other use classes such as retail, culture F & B.

4.18 Sections 5.13 to 5.20 of the appended OIA set out the demand for office floorspace across both boroughs. The OIA quotes Oxford Economics, which estimates that there will be an increased net demand for office space in both boroughs of c. 186,500sq.m by 2040; this is without other growth forecast increases, making this a very conservative estimate. It also identifies the fact that the development of underutilised sites when developed, such as at King’s Cross, have experienced an almost 240% increase in jobs as a result of the regenerative benefit of such development.

4.19 The Updated Proposed Development allows for a balanced mix of land uses, with sufficient flexibility to allow for macro-economic impacts in the duration of the build out. This flexibility is important to respond to market needs over time. However, there does need to be a minimum commercial quantum of commercial floorspace in each of the three locations to ensure a successful commercial district. Commercial occupiers prefer to group together for many business reasons. Isolated plots never do as well as commercial districts or clusters. The Earls Court Commercial Strategy envisages three commercial clusters in close proximity to nodes of public transport, each with more than one building, with a range of office offers, yet closely linked.

4.20 Once a ‘sub-market’ starts to gain momentum from the first letting, the reputation of the location grows, and other occupiers are attracted to the area. Both Paddington and King’s Cross are examples of this. Each had the ability to grow, and the success has of the commercial locations has led to growth in the surrounding areas, as noted in the case studies in later sections.

4.21 As noted in the Commercial Strategy, the disposition of the office clusters at the transport nodes, especially the first two at Earls Court and West Brompton, along with smaller offers around both and smaller workspace opportunities scattered across the development provide variety and linkages across the Site and allow for the real mixed-use aspects of the development to come to life. As the later phases come forward, they are linked by accessible routes with spaces and functions that create draws and flows of people. Again, King's Cross is an example of this in use and development: the commercial offers in the north of the site has achieved rapid take up due to the amenity offers, retail, F & B and good public realm. Now these areas are part of the 'whole'.

4.22 Feedback received has raised questions regarding the quantum and location of proposed floorspace. ECDC's responses are summarised below:

- **Future demand for Grade A space in RBKC and LBHF is overstated**.
  Response: The demand for high-quality Grade A offices is underpinned by strong office-based employment growth and an occupier preference for sustainable, amenity-rich buildings. These factors are driving structural demand across London, including outer core markets. The appetite for future-proofed space remains robust.

- **Spillover demand from Central London into fringe locations like Earls Court will be limited due to its peripheral nature and lack of prestige.**
  Response: Severe undersupply of Grade A space in Central London is creating natural pressure for occupiers to consider fringe submarkets that can provide best-in-class buildings of scale. Recent large-scale lettings in emerging locations demonstrate occupiers' willingness to move when quality and value are aligned.

- **Occupiers will not relocate as quickly as assumed due to long lease cycles.**
  Response: Occupiers are increasingly bringing forward their search activity, often three to five years ahead of lease events, to secure space in a constrained market. This forward-planning behaviour reflects growing urgency and a faster pace of structural change than Iceni suggests.

- **Risks of localised oversupply, especially for secondary stock, are understated.**
  Response: The distinction between secondary and prime stock is critical. While secondary offices are struggling, sustainable and ESG-compliant Grade A buildings continue to outperform. The risk of oversupply is most acute for outdated, inefficient buildings rather than for prime, large-scale developments.

- **Rental growth in fringe submarkets will lag core London markets.**
  Response: Fringe submarkets delivering high-quality space have already seen occupiers paying premiums over secondary space, highlighting the willingness to commit to best-in-class assets outside traditional core locations. Pricing is being supported by constrained pipelines and increasing competition for limited supply.

The Workspace Offers

4.23 It is not just highly sustainable workspaces occupiers are seeking. They are looking for space that can accommodate a wide range and type of functions, and that is capable of being easily changed – short-term flexibility and long-term adaptability. The level of amenity both within the building and its surrounds is critical to its attractiveness. As businesses become more innovative and responsive, they want to be near like-minded organisations and to have an ecosystem around them that they and their staff can interact and be part of, to grow and develop. Fundamentally, this makes occupiers more location agnostic for the right building with the right amenity. Being near other businesses is also becoming more of a driver, as open innovation (sharing of ideas and processes) is now a business imperative.

4.24 To make the site as attractive a location as possible – and to significantly differentiate it from other locations – there needs to be a range of scale of offers.

The range, scale and specification

<u>The Range</u>

4.25 To create a vibrant, economically sustainable and mixed multiple occupier site, it is useful to identify the space types, prior to going into the target sector focus. The site, for long term viability, needs to deliver the scales and specification of spaces a range of occupiers are attracted to and need. Typically, these would comprise:

- affordable workspace occupiers, studios, simple production spaces, makers spaces.
- low level lab / lab-enabled and Research and Development ("R&D") spaces.
- Higher Education-supporting spaces; (e.g. tech talk spaces, simple auditoriums etc).
- flexible operator / serviced workspace.
- high quality / prime plus workspace, to Headquarters opportunities.

4.26 All need to be highly sustainable, truly adaptive, flexible and future-proofed.

<u>Scale</u>

4.27 The following scales of space will be available across the site:

- small studios, dry lab, semi-industrial/ scale up/ start up pods and units are available across the masterplan, not just in commercial building plots. Locations: EC-15, WB – 09 and 10;
- a single desk to groups of desks (in flexible space offering or part floor letting). Location: potentially in all commercial plots.
- part or whole floor letting and the range of floorplate sizes also varies, and part or whole building. Location: in all commercial plots.
- whole buildings range from c. 120,000sq. ft up to c. 400,000 sq. ft. Location examples: EC-09, EC-03, WB-01, 02, 07 and 08.
- almost uniquely in central London, clusters of building from c. 250,000 sq. ft to nearly 1 million sq. ft. Location examples: EC-09 and 16, WB 01,02, 07 and 08 as a cluster, and WK-02, 03 and 04.

4.28 This variety is very rare, especially in central London, which makes the site more attractive to occupiers; this attractiveness is increased by the fact that many of the plots can be bespoked to tenant requirements. The range also makes the proposal more viable, as the first lettings can be of a variety of sizes – providing flexibility and the ability to speed occupation.

<u>The Specification</u>

4.29 Given the range of occupier types in the market and the increasing richness of functions contained within even the simplest of businesses, market requirements and the direction the BCO Guide to Specification is leaning – and importantly, what EC seeks to offer, there are some key differentiators:

- all of the workspace will be highly sustainable Grade A plus space, linked to the ambient loop providing net zero operational heating and cooling energy, using a fabric first, passive design approach to environmental design, using low embodied carbon construction methods (including mass stone, timber etc) on grids that are easily adaptable and flexible, access to good quality highly landscaped outdoor roof spaces and terraces, with rainwater and greywater harvesting.
- the lower floors will have higher floor to ceiling heights and more solid floor construction to allow for increased services for lab, lab-enabled and light production spaces; this will also hold true for some of the smaller studio spaces.
- servicing strategies may vary but typically will primarily be in floor to provide ease of change, rapid flexibility and accessibility.

4.30 The building grids and superstructures (no grid dimension longer than 15m, ideally no greater than 12m in one direction, 6 to 9m in the other), intended as stone, steel or low carbon concrete column and beam, with mass timber infill – or all timber primary frame for up to mid-rise – will enable a greater range of use types (office to R&D to 'dry' labs, for example) across the whole of the workspace – let alone just focussed areas.

Early concept for the Empress Place office cluster

4.31 This seeks to give an idea of the variety of functions, such as R&D, welfare and well-being opportunities and workspaces the offices will be developed to contain. The grid dimensions, combined with the structural systems, allow for easy changes for both short term flexibility and long-term adaptation, as well as end-of-life disassembly.

4.32 The higher floor to ceiling heights of the lower two floors will not only allow for a range of uses - from R&D, to simple production, to lab or lab enabled spaces, but also allow for larger meeting spaces and other amenity functions. However, the adaptability means a range of functions can be accommodated across the majority of the floorplates. This flexibility and amenity are a sought-after element by occupiers and has only increased in important in a post-Covid and ESG focussed occupier world.

Early 'ideas' concept for the Empress Place office cluster.

4.33 The image above seeks to give an idea of the variety of functions - such as R&D, welfare and well-being opportunities and workspaces the offices will be developed to contain. The grid dimensions, combined with the structural systems, allow for easy changes for both short term flexibility and long-term adaptation, as well as end-of-life disassembly.

4.34 **Flexible Floorplates / Mixed Office Typologies –** the reports from both Boroughs comment on the need to provide a mixture of floorplates that can cater to a variety of occupiers.

4.35 ECDC and its agents have regularly advocated for this within our design advice. The premise of the Earls Court Development has always been to create a thriving ecosystem, that supports occupiers of all kinds – from startups and local businesses to major international corporations. It has always therefore been key that the types of accommodation across the site are reflective of this, and design advice has always focused on the provision of different size floorplates and flexible design, with conscious placement of cores etc. to ensure that floors can be split or taken whole. We have also, for example, advocated for the design of buildings (particularly at the West Brompton cluster) which allow for scaling up and scaling down – i.e. plots can be delivered alone or provide connecting buildings relative to demand.

4.36 This is also key to commercial success – the delivery of a homogenous floorplate across the site is detrimental to letting prospects as it only appeals to a very specific occupier type and can struggle to let if the demand is lacking.

The Purpose and The Ecosystem

4.37 Commercial agents have recognised and confirmed that an office location with a purpose and a focus will grow develop more rapidly and have greater success. As noted above, Net Zero commitments cover 90% of the global economy; no business will go unaffected. The Commercial Strategy sets out the case why there is a focus on clean and climate innovation – it is the fastest growing sector and allies well with the burgeoning West London Innovation district. As set out at the very beginning, meeting net zero requirements will impact 90% of the global economy. As Larry Fink, CEO of BlackRock- an American multinational investment management corporation, stated, no business will be unaffected. Therefore, the scope and range for this sector is huge.

4.38 The Commercial Strategy sets out in more detail why Clean and Climate Innovation was selected as the ‘purpose’ behind the commercial development. A summary of the research carried out by Hoare Lea setting out climate tech and the share of the market is appended to this document (see Appendix 2).

In short, some of the key reasons are:

- It is critical for finding solutions to the climate emergency.
- Has enormous breadth and reach and will touch almost every business.
- Will be a great source of new employment, education and training.
- Has no identified home in London or the UK.
- Builds on, and ties into the West London Innovation District.

Climate Innovation – what is it and what types of business does it include?

4.39 Clean and climate innovation is the development of technologies and solutions specifically aimed at addressing climate change and sustainability: from a process or policy, to finance, materials, technology in any industry, in any sector. It is typically shortened to Climate Tech or Climate Innovation. Because the vast majority of these activities are about reducing, removing or cleaning up carbon, the term ‘Net Zero’ is often used as a proxy.

4.40 Net Zero commitments are now estimated to cover 90% of the global economy. Ultimately, there will be no element of world economies that will not be impacted.
85% of FTSE100 companies had set Net Zero targets in 2022, up from 4% in 2018.

4.41 One in three 18–24-year-olds have rejected a job offer based on ESG record.
(Source: KPMG Report 2024 – Climate Quitting – younger workers voting with their feet on employer’s ESG commitments.)

4.42 This means that all businesses, existing or new, are pivoting towards a sustainable future for economic survival and to attract and retain staff – typically any business’ single largest overhead.

4.43 London has been ranked the top green finance hub globally in the Global Green Finance Index 13 (2024). A significant portion of the UK's Climate Tech growth ecosystem is based in London. In 2023, only Stockholm based companies received more funding than London.

4.44 The data highlights London's international reach with both funds being invested in London Climate Tech companies from foreign investors, as well as investors basing here and investing abroad.

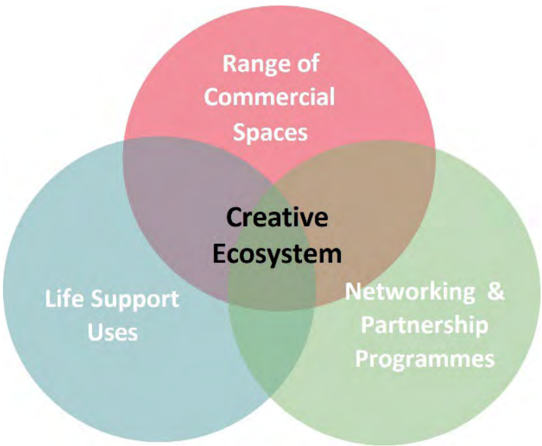
4.45 As identified in the above sections, clean and climate innovation as a focus area is extremely broad and wide-ranging. It covers businesses of all scales and ranges, new or old. The range and variety of functions needed for contemporary workspace means that offers need to have the ability to allow for R & D, as well as 'standard' office space. It is this range that the Updated Proposed Development will offer.

4.46 There is a misunderstanding that having a focus, a thematic response, means that all businesses must have an explicit connection. That is not the case. Clean and climate innovation in itself is very broad, covering a wide range of sectors and businesses – and cross-cutting others. Climate innovation (a shorter term) can be anything from a process response, to consultancy, to finance, a material, a technology or a mixture of these and beyond. Its breadth is huge. For example, 85% of FTSE 100 companies had net zero targets, and organisations as diverse as Bosch, Toyota, ABB, Microsoft to Unilever and Siemens, are all putting corporate investment into the response to the climate crisis – with 'net zero' as a proxy term.

The Ecosystem

4.47 The strategy set out above puts the pieces together to create the best opportunity for success: the range, the scale and specification, and the ecosystem. The purpose also sets out the scale and depth of the market for potential occupiers and anchors. Whilst a clear focus – the wider benefits to addressing the climate crisis – it should be recognised that there is the potential for other occupiers to take space within the development. Any structure needs to ensure that the focus is not lost but allows for variety and alternatives.

4.48 For any ecosystem to work, three components are needed:



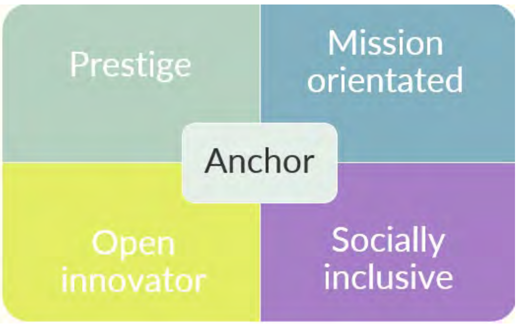
- The first, the range of commercial spaces, has been set out above.
- Life Support Uses refers to the site and all of the amenity itself, including living, public realm / landscape, cultural uses, retail, F & B activities – all are included in the Updated Proposed Development.
- The third component is the networking and partnership programmes. This is to support and enable the activities to thrive and grow. In any new business district, these tend to grow organically. But this will only happen if there is a common thread – a theme or focus. Earls Court has set that purpose out.

4.49 Earls Court will be a significant element of the West London Innovation District with a climate innovation focus. The ecosystem is already growing and has been created virtually - prior to the development taking place. Already partnerships and relationships have been created and developed:

- Imperial / Undaunted – A formal Memorandum of Understanding ("MoU") between Imperial College and ECDC is being agreed – it covers long term collaboration including ECDC supporting various climate and clean tech initiatives, research in the community programmes, providing opportunities for trialling and testing on site, student accommodation, climate education programmes, R & D activities etc. Strategically collaborate on setting out the economic value and social benefits for both parties in collaborating in these key areas and how these drives economic, job growth, talent retention and inward investment. In addition, ECDC will be part of a working group for an innovation accelerator. Aim is to complete MoU by Q3 2025.
- RCA – architecture and interiors coursework based on site, focussing on the circular economy and the reuse of materials– starting current 2024 term;
- Brunel University -Early proposal to support joint initiatives focussed on 'green' education and skills, and business development proposed;
- Design Museum/ Futures Observatory– in collaboration with UCL - sustainable construction materials exemplar on site;
- Further relationships in train: UEL, RHS, Science Museum, Natural History Museum.
- Other industry and sector focus memberships and partnerships are also in place with the likes of the UKGBC, London and Partners, Opportunity London, the British Council for Offices, CRETech, TechUK, LOTI, The Global Institute on Innovation Districts (GIID), to name a few.

4.50 Ideally, each partner should bring a unique element to the ecosystem (and not explicitly clean and climate orientated) to bring maximum benefit, variety and impact. Both the purpose and the ecosystem itself, both in place virtually as it were, form a strong attractor to companies, organisations and anchors. Having this set up and in place means any partner, future or present, can join this with ease, and add to their own purpose and enable them to develop further.

4.51 To this end, it is proposed that companies need to show the following elements:



4.52 Any partner, occupier, tenant or network should be able to contribute to the success, reputation and direction of the Ecosystem by showing/ being some or all of the following attributes:

- Prestige: strong reputation, able to offer a sense of stability.
- Mission orientated: aligned with the climate tech theme to offer leadership.
- Open innovator: active in engaging with partners.
- Socially inclusive: committed to investing in bottom-up initiatives.

4.53 This supports the growth of the climate innovation focus, whilst allowing wider engagement.

4.54 Knight Frank and JLL has estimated that **there are over 70 companies** (referred to as 'active requirements') **seeking new premises over 60,000sq. ft (c. 5,600sq.m), with the largest up to 1 million sq. ft (c. 92,900sq.m).** They range from telecoms, public watchdogs, lawyers, wealth management, major drinks companies, banks, energy traders, insurance companies, to online music companies, agencies, food companies, radio stations, risk specialists, to tech and health companies. **All are looking for the new 'Grade A' office with high ESG requirements.**

4.55 Two good examples of this are King's Cross and Paddington Basin. Case studies are appended to this document (see Appendix 1).

Competition with Existing Centres

4.56 A more detailed analysis of Impact upon existing centres has been undertaken in the appended Office Impact Assessment (OIA) (see Appendix 3).

4.57 Section 6 of the OIA reviews the existing town centres across both boroughs with Impacts set out in Section 7. It concludes that the Earls Court development will not have a significant adverse impact on either borough town centres or planned/ committed investments across both:
''…… the proposals will deliver the development plan aspiration for the Opportunity Area and support continued strong economic growth to the benefit of both London boroughs and the wider West London sub-region."

4.58 Displacement of demand – It must be acknowledged that the provision of significant quantum of office stock at Earls Court would offer an alternative to existing town centres. However, competition does not exclusively mean displacement. Sections 5.5 through 5.7 of the ECOIA cover this, looking not only at both boroughs but at a wider West London issue.

4.59 Looking at 'traditional' office markets is testament to this. In the West End, Mayfair, Fitzrovia, Soho and Midtown can all co-exist. Similarly in the City, the Core around Liverpool Street and Bank has been thriving alongside Farringdon/Clerkenwell (record rents are being set in both) and the South Bank where development continues.

4.60 The existence of White City, Olympia, and Hammersmith should not be seen as detrimental and in fact could be seen as a positive. As is evidenced in the traditional markets, office occupiers like the agglomeration benefits of locating near to other occupiers. Rather than being seen as a negative, recent lettings in Olympia should be seen as a plus – they are helping to establish a market in West London and aid in the attraction to new tenants.

4.61 Interest in White City is currently centred on existing tenants who are looking to expand across the site. This supports the vision across Earls Court of smaller occupiers taking space within the scheme and growing organically into larger spaces on the site. Additionally, this further demonstrates the need to deliver a mix of office floorplates with the flexibility to grow. There is limited external interest, and that which does exist is for smaller quantum lettings.

4.62 Hammersmith Town Centre remains quiet, proving that the issues within the submarket are driven by existing deficiencies rather than being something that could occur should Earls Court be delivered. The struggles of the Hammersmith market are not predicated on the likely demand for Earls Court. There are numerous structural deficiencies in the market. To begin with, the arrival experience is poor. Hammersmith tube station is located on a large roundabout and upon exiting the station potential tenants will have to cross a busy road (3-6 lanes).

4.63 This is often in stark contrast to the arrival experience in other office locations; one of the many positive factors about Kings Cross is the arrival directly on to the 'campus' for a significant number of employees. The logistical specifics of the micro location can also lead to the amenity on offer appearing disparate and inaccessible, and offices appearing ‘defensive’ rather than welcoming. In an era when occupiers are making decisions based on attracting and encouraging employees back to the office, these factors have become key in the decision-making process (see response on the flight to quality) and potential tenants can discount a whole area if these elements are not correct.

4.64 This has led to many occupiers discounting Hammersmith regardless of the price point benefits or the quality of the building in question. This can be seen in the leasing of the Ark – a good building, well refurbished, at a competitive price point, but interest has been minimal and agreed rents have had to fall even further below owner aspirations to agree deals. The difficult state of the market has had a knock-on effect, disincentivising owners from spending to improve their spaces. It is here that another structural deficiency of the Hammersmith market comes to the fore.

4.65 There is an oversupply of dated stock in Hammersmith with many office buildings constructed between the 1980s and early 2000s, a point that we have made within the Commercial Strategy report. This in and of itself is part of the reason for why occupiers are shunning Hammersmith as a large part of the product does not live up to their requirements. However, this issue is being exacerbated by the depressed state of the market. Given the limited financial upside that landlords can expect from undertaking refurbishment works (the Ark had a major £10-15m refurbishment a couple of years ago and has since struggled to let) the costs and improvements required to appeal to the modern office occupier are effectively uneconomic. This prevents refurbishments taking place, which in turn leads to greater vacancy, which in turn can depress rents further, making refurbishment yet more uneconomic. Hammersmith is in a difficult cycle, and the lack of a single owner / point of control means that decision making can be disparate, and it is near-impossible to employ a thought out and joined up strategy that can lead to the wider regeneration of the area to establish Hammersmith as a thriving office market once again.

4.66 The major requirement in the market is Banijay who are looking for 50-60k sq. ft and have shortlisted The Ark and 200 Hammersmith Road. These are theoretically good buildings, and we understand that the rents being discussed are in the £30s, perhaps also highlighting that this is a different market to the White City/Olympia/proposed Earls Court where achieved deals are £50-£60 per sq. ft.

4.67 It is considered that the issue in Hammersmith is unrelated to the provision of new space in Earls Court. Hammersmith is struggling because it does not offer the space and amenity that office occupiers want. It is economically difficult to make independent single developments stack up (not to mention there is a lack of control over landlords and ensuring a joined up and connected redevelopment strategy). Delivering the kind of amenity, public realm, and office quality that is attractive to the market is expensive and logistically difficult, and it is only due to the economies of scale, single point of ownership, and blank canvas that ECDC can take advantage of to deliver a successful commercial development.

4.68 This will be the case regardless of whether Earls Court delivers commercial space, and it is important that LBHF acknowledges (as Iceni has done on behalf of RBKC) that the provision of the appropriate kind of space in Earls Court will actually help to keep occupiers and jobs in the borough by encouraging greater investment in existing centres due to growth in the sub market.

Market Risk and Flexibility

4.69 It is acknowledged that there is inherent risk in proposing a new office market. However, this is mitigated primarily by the quality of floorspace that will be created, but also by the flexibility for a range of uses to come forward if not primarily commercial.

4.70 The purpose of the Commercial Strategy is to set out clearly the thinking and the actions undertaken both within the masterplan proposals and by the actions of ECDC in advance of gaining planning approval, to mitigate these risks, and to get the location known within the market, to get the ecosystem going virtually, before transferring into the development when it progresses.

4.71 The partnerships and networks, the trialling and testing of ideas and innovations on site are all aimed at creating a successful, thriving and sustainable place.

4.72 The report from Aecom (on behalf of LBHF) queries the difference in the future supply between the July 2024 Commercial Strategy and Council records at the time of application. For clarity, JLL/KF include all schemes over 20,000 sq. ft in collating data on the scale of future development- with the table in the report highlighting the larger schemes (over 100,000 sq. ft) that are in the pipeline. But for the pipeline analysis, JLL and KF seek to provide a realistic view of the development pipeline, only including schemes that are assessed to be capable of physically completing over the next five years at that point in time. Schemes that have multiple barriers to starting such as those without planning permission, lacking funding, with complicated ownership structure or requiring a significant pre-let etc, are excluded from the analysis as they can distort the scale of the future deliveries. This is evident when looking at historical pipeline vs actual deliveries. Many of the schemes highlighted in LBHF's figure will fall into these categories, and as such we recognise that our figures are lower than LBHF but are more reflective of actual deliveries and future supply.

4.73 Alternative Commercial Uses – The Aecom report in particular highlights the potential to provide alternative uses on site, listing light industrial / maker type spaces as well as traditional storage and distribution uses. Logistics uses on site have been discussed over several years, and it is agreed that the site is well located due to its adjacencies to the A4, one of London's key arterial roads.

4.74 Logistics storage and distribution has been considered at Earls Court and However, despite this good access, there are other elements that have to be further considered when considering logistics uses at Earls Court. Chief among them is the relationship between logistics and residential. Typically, successful logistics schemes can provide their tenants with unrestricted 24-hour access. This can regularly conflict with residential users due to constant noise, vibration, light pollution and traffic flow. Whilst restrictions can be placed on users, limiting hours of use, this can often be detrimental to the success of the logistics scheme by significantly lowering demand.

4.75 Additionally, although this may deal with issues relating to disturbance for residential occupiers, the aesthetic impact of the inclusion of logistics uses may remain; design-led industrial schemes are becoming more prevalent, but the fact remains that they still require a large 'land take' to provide sufficient yard space, regular vehicle movements, and often security measures like fencing. Moreover, there can be a reputational concern – potential residents may simply decide against living next to industrial premises. It should also be noted that the provision of logistics space will require a large number of vehicle movements, both on site (where previous aspirations were for a car-free development) and in the surrounding area, potentially worsening local traffic.

4.76 Density of development also needs to be considered. It needs to be recognised that following several 'boom' years in the industrial market values and demand have softened. On this basis, industrial land is not as valuable as it was a few years ago and as such the need for higher density development is required both for viability and to align with planning policy which requires the optimisation of development on the Site to deliver new homes and jobs. As set out above, logistics land typically requires a large amount of space at lower density to cater to the vehicles etc., and moreover with the exception of a few schemes, multistorey industrial is an untested concept in the London market. The Earls Court site is one that presents a number of infrastructure challenges and as such, high density development is required to boost viability and ensure delivery. Given industrial land values have softened in the last few years, the viability benefits of delivering industrial space have lessened due to the lack of density associated with its development. Industrial uses are generally considered to be less compatible with residential uses.

4.77 For all of the above reasons, it is not practical to deliver storage and distribution uses on site. Some light industrial / maker type spaces can and should be included and have been identified, albeit this is more closely linked to the provision of flexible spaces and potentially affordable accommodation as light industrial, as opposed to reassigning the use of identified office plots.

4.78 The Knight Frank July 2025 London Office Market Report is appended (see Appendix 4) and this notes:

- Year-on-year take up reflects a 44% increase. This has been driven by deals over 50,000 sq. ft.

- New and Refurbished space represented 74.3% of all take up for the quarter, the highest ever recorded.

- The lack of new core stock under construction from 2026/27 and beyond are increasingly concerning agents and tenant representatives.

4.79 The OIA conclusion notes (paragraph 8.10):

"The leasing cycle at White City is nearing completion with current activity focused on up-scaling of existing businesses; and any challenges currently experienced in the office market in Hammersmith Town Centre will continue regardless of the Proposed Development at Earls Court. It is emphasised that the delivery of Earls Court will help to retain occupiers in the borough and ensure a substantial uplift in the West London office markets with a far-reaching ripple effect to neighbouring areas. The proposed innovation hub will deliver a point of differentiation to existing town centre office stock, responding to the aspirations of the London Plan and Upstream London in respect of innovation growth."

5.0 Conclusion

5.1 This Commercial Strategy Addendum has been prepared by ECDC, JLL and Knight Frank in response to feedback received from LBHF and RBKC and their specialist consultants Aecom (on behalf of LBHF) and Iceni (on behalf of RBKC).

5.2 The Addendum considers the GLA London Growth Plan and the LBHF ‘Upstream London’ and confirms that the ECDC Commercial Strategy meets the combined aspirations of these ambitious documents by providing high quality commercial floorspace in a new location central to the West Tech Corridor.

5.3 An Office Impact Assessment (“OIA”) has been prepared by Urban Shape which confirms that the proposed office floorspace is in accordance with the Development Plan, and demonstrates far-reaching positive outcomes for the Site, local area, and network of town centres.

5.4 The ECDC Commercial Strategy will deliver a varied and flexible, high quality workspace ecosystem, set in a carefully curated environment with outstanding facilities which will act as a driver of demand for tenants from across London, providing an attractive alternative submarket in the ‘Flight to Quality’.

6.0 Appendices

1. Case Studies

Kings Cross

6.1.1 The King's Cross area was not an office location; in fact, its rather notorious reputation was seen as a massive hinderance to the development of the area. It was considered by office agents as being 'not core', tenants would not go 'north of Euston Road' let alone Regents Canal. Yet, after a considerable land consolidation and planning process, a flexible planning approval was granted. The use class flexibility was seen as forward-thinking at the time. It was the 2012 London Olympic success that enabled the scheme to progress in earnest. Whilst the regeneration scheme is renowned for being a 'tech hub' there was no such theme or focus set out. Nor was the nascent 'knowledge Quarter' part of the attraction at first. The real draw to tenants initially was the young talent coming out of the relocated Central St Martin's School of Art and Fashion.

6.1.2 The first pre-lets (on the back of London's first speculative loan post Lehmann Bros crash) were for a range of tenants such as AutoTrader, the Performing Rights Society and the back-of-house of Louis Vuitton – this latter deal really shifted the mindset of the occupier market about KING'S CROSS – before the likes of Google arrived. Certain plots were sold to gain income (for example the sale of a plot to BNP Paribas was impacted by the bank's staff refusing to leave the City, so it was 'flipped' its support staff only, before Google took half the space initially).

6.1.3 Once a couple of small office plots were underway due to the loan, other plot sales to the Aga Khan Foundation and the flexible office provider The Office Group were all underway. Eventually Google were attracted by the transport infrastructure and the amenity of the development. It was several years before Facebook took space, and the likes of Universal Music and Nike followed. It was not a 'tech hub' until it became one. In addition, they, along with other occupiers and the development of the Crick, allowed the Knowledge Quarter to grow. However, it was all virtual – it had no physical home until very recently.

6.1.4 The success of the King's Cross scheme has been such in creating a new commercial district, that the areas around the site has seen regeneration of the commercial stock. There is now a perception of a shortage in the area, now King's Cross is complete – other developers and landlords are stepping in to fill the vacuum, as evidenced by the rising offices in York Way, Euston Road and the St Pancras area.

6.1.5 <u>Key points</u>

- King's Cross was NOT an office location: it was the transport and the amenity (Life Support Uses), as well as the access to the HE talent, that attracted the first occupiers.
- As the agents have advised, a thematic link would have accelerated the development of the office market.
- The quantum and the flexibility were critical to making King's Cross an office destination and to allow it to grow and adapt over time.

- Once the ‘theme’ developed, it accelerated the attractiveness to the site.
- The impact of the commercial growth has extended well beyond the boundaries of the site, leading to the upgrade of existing stock and creation of new.

Paddington Basin

6.1.6 As a new commercial area, the Basin has been going for a much longer period than even King’s Cross, starting before the Camden development. Once again, not really a true commercial area initially, its proximity to a mainline station supported its growth, alongside the amenity of the canal basin. However, there was limited input into the place-making at first, and no thematic response. As a result, the development has suffered from a stop-start nature.

6.1.7 Recently, Paddington Basin has focussed on life sciences as a thematic response, given the major hospital nearby. It has also significantly raised its game in relation the quality of the public realm in and around the basin, the activities going and events – place-making. As result, the area has seen an uptake in occupiers and reputation.

6.1.8 Key points

- As with King’s Cross, the Basin was not an office location initially. The development of the life science theme helped it attract new occupiers and growth.
- A clear focus on the place-making – the quality of the environment and curation of activities – even to creating a BID – has supported a lot of the new growth in the area.

2. Climate Tech Share of the Market (Hoare Lea)

Earls Court + Climate Tech.

Share of the market, vs Life Sciences, UK districts

HOARE LEA

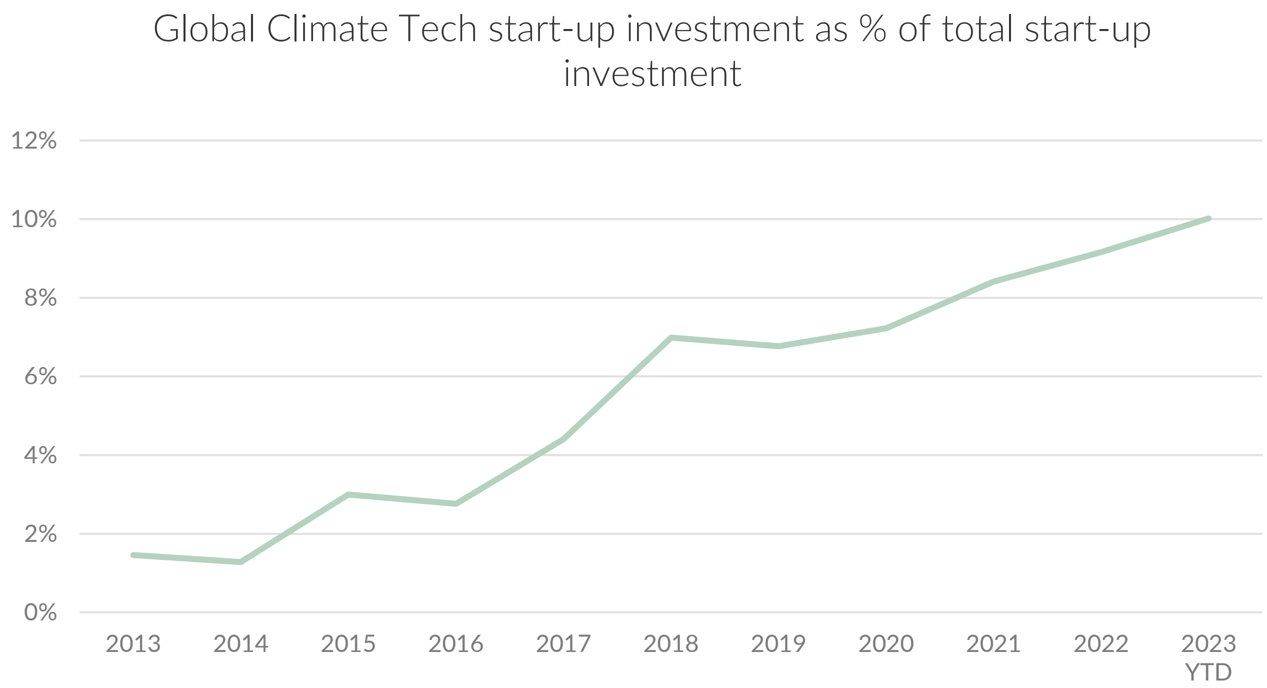
Earls Court + Climate Tech.

Start-up investment

Climate Tech as a share of all start-up investment:

- Has achieved consistent growth for 5+ years.
- Reached an all-time high in 2023 at 10%.

Start-up investment is likely to increase, as innovation is required to achieve global targets (e.g. 34% of the technologies required to meet Net Zero energy pathways are currently not on the market).



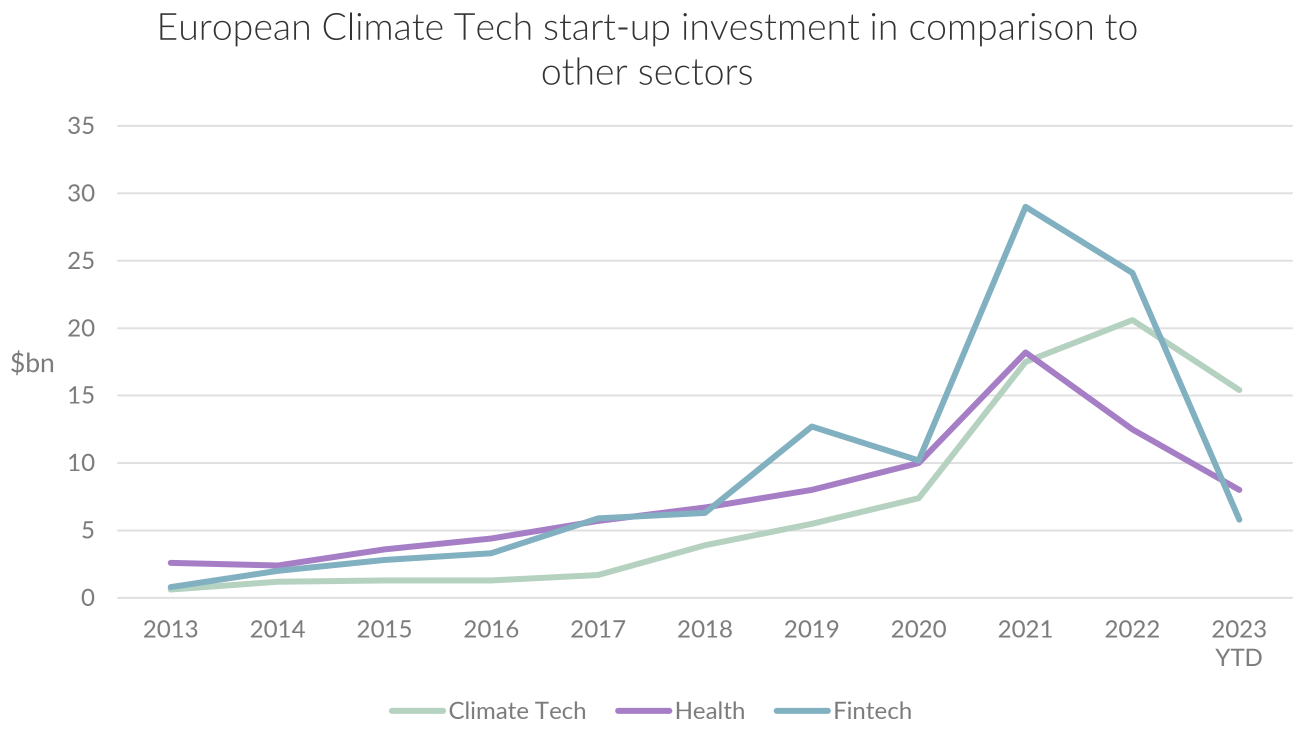
2023 year to Q3. Data from Pitchbook.
Adapted from *State of Climate Tech 2023 (PWC).*

Earls Court + Climate Tech.

Start-up investment

As total investment across all sectors decreased in 2023 due to the economic downturn, Climate Tech proved more resilient, out-performing Health and Fintech for European start-up investment.

This provides reassurance that Climate Tech is not likely to be passing trend due to the long-term imperative of the climate crisis and investment required.



Investment transactions with companies tagged 'Climate Tech' with HQ in Europe, 2023 year to October. Data from Dealroom.

Earls Court + Climate Tech.

Wider economy

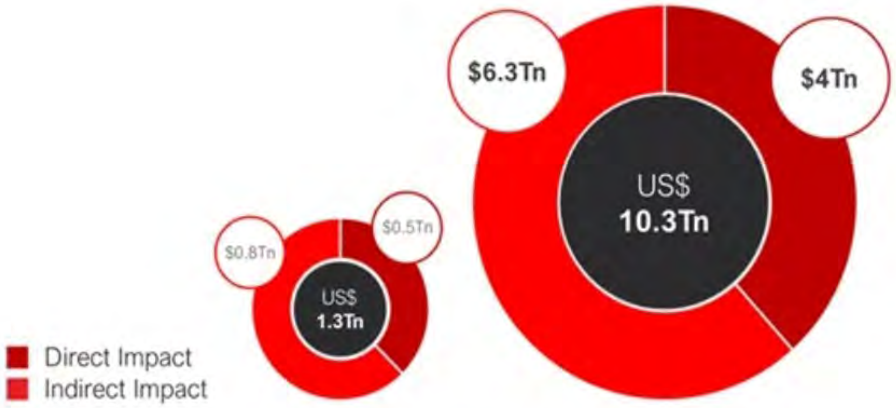
Projected greening of the economy will create:

- New competitive opportunities.
- New green markets.
- Productivity gains.

These new green opportunities are projected to reach 5.2% of global GDP by 2050 (for reference pharmaceuticals is currently 1%, oil and gas is currently 3.8%).

A Climate Tech district would offer access to new green markets and competitive opportunities as well as productivity gains (ie. through innovation).

Greening of the economy can be highlighted through companies with net zero targets (currently 85% of FTSE100 companies), showing that all companies across all sectors will need to engage with Climate Tech.



	2020	2050
GREEN FINANCE	$21B	$152B
BIOFUELS	$88B	$326B
HYDROGEN	$3B	$806B
CLEAN ENERGY MANUFACTURING	$170B	$340B
RENEWABLE POWER GENERATION	$901B	$5,331B
ELECTRIC VEHICLES	$118B	$3,349B

USD, billions, 2020 prices
Source: Oxford Economics, IEA, Arup

$10.3 trillion: the value of the green economy opportunity (Oxford Economics).

https://www.oxfordeconomics.com/resource/the-value-of-the-green-opportunity/

Earls Court + Climate Tech.

vs Life Sciences

Climate Tech

Drivers:
- Climate Change imperative, productivity, regulation.

Innovation district/clustering potential:
- Climate Tech is highly conducive to the concept of 'open innovation' as it crosscuts a wider range of industries which can align around a single motive.

Inclusivity:
- Investment and innovation can be more easily linked to tangible benefits e.g. addressing local environmental challenges, energy affordability etc. However, there is the potential to raise climate justice concerns.

London landscape:
- There is no clearly established Climate Tech district, although Shift/Olympic Park is emerging and aiming to be a testbed. In the start-up space, Sustainable Ventures (Waterloo) are a current hotspot. The Climate Tech spinouts from Imperial College (Undaunted) have no dedicated established space.

Life Sciences

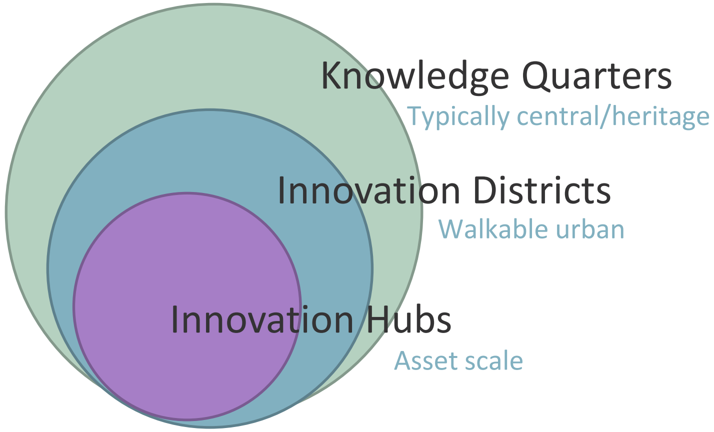
Drivers:
- Aging populations, globalisation/pandemics, emerging economies, regulation.

Innovation district/clustering potential:
- Life Sciences is becoming increasingly open although historically has had an innovation landscape focused on protecting intellectual property. Companies cluster around each other due to the specific lab space, access to hospitals and skills requirements.

Inclusivity:
- Could be challenging to link investment and innovation to local benefits. Inclusion is a recognised challenge for the industry, although this is improving.

London landscape:
- Saturated market- there are already several established and emerging Life Sciences districts in and around London. Supply of RE is expected to catch up with demand from 2025, with 20m sq ft+ planned across London, Oxford and Cambridge (Creative Places).

Also- clusters, belts, networks, corridors, superclusters…



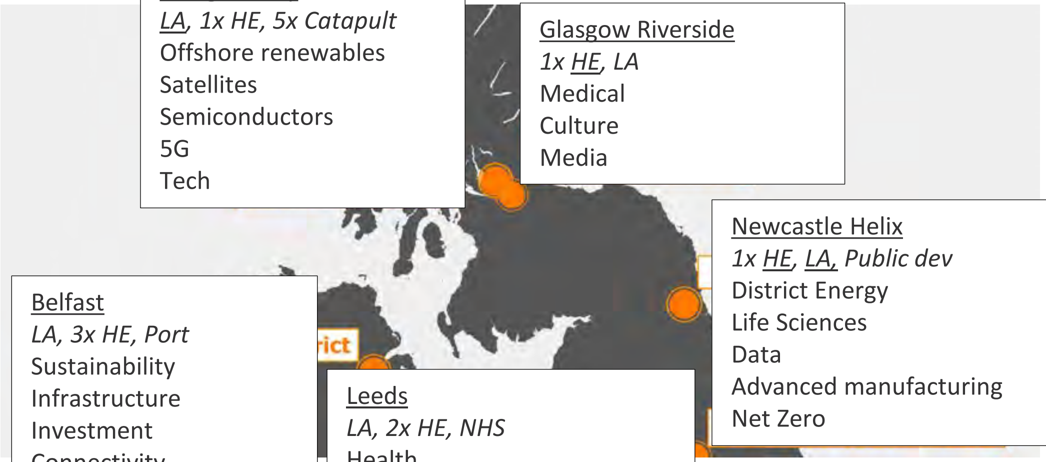
Earls Court + Climate Tech.

UK Innovation Districts

UK Innovation Districts Network is supported by CP Catapult.

Trend in all districts is for strong public-private partnerships, higher education anchor and the involvement of regional development or investment agencies, as well as national or EU research funding.

Challenge for ECDC: *How can a developer led scheme govern an Innovation District?*



Glasgow City
LA, 1x HE, 5x Catapult
Offshore renewables
Satellites
Semiconductors
5G
Tech

Glasgow Riverside
1x HE, LA
Medical
Culture
Media

Newcastle Helix
1x HE, LA, Public dev
District Energy
Life Sciences
Data
Advanced manufacturing
Net Zero

Belfast
LA, 3x HE, Port
Sustainability
Infrastructure
Investment
Connectivity

Leeds
LA, 2x HE, NHS
Health
Advanced Manufacturing
Green finance
Passivhaus residential area

KQ Liverpool
LA, Mayor, 3x HE
Culture
Life Sciences
Digital
Sports Science

Sheffield AMID
2x HE, 2x LA, SY Mayor
Advanced manufacturing
Aerospace, nuclear, rail, logistics, digital

Innovation Birmingham
Bruntwood, 3x HE, Catapult
Digital
Life Sciences
HS2

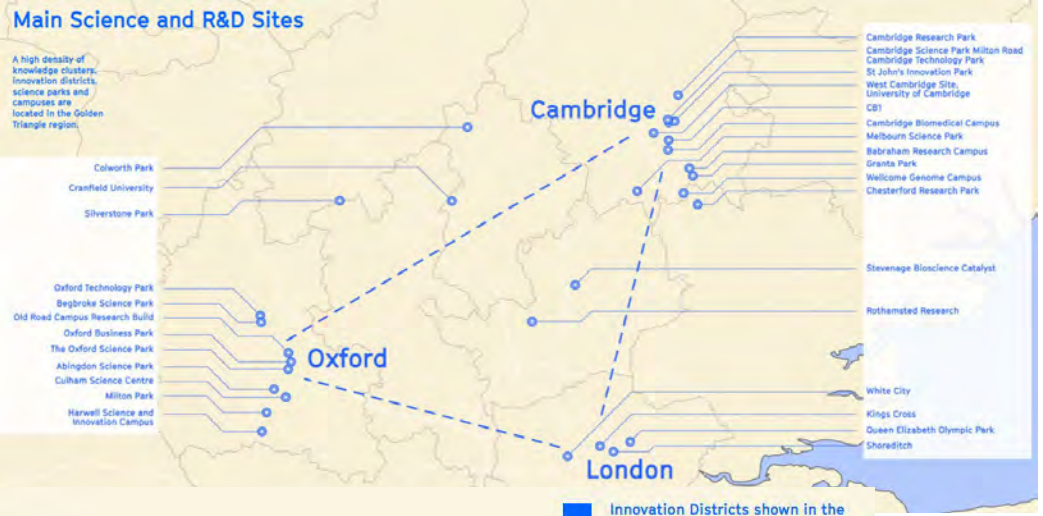
Bristol Temple Quarter
LA, Mayor, 1x HE, Network Rail
Not yet defined

HOARE LEA

Earls Court + Climate Tech.

West London Innovation cluster

Oxbridge
Life sciences
Biosciences
Technology



The Earls Court Development Company

WHITE CITY INNOVATION DISTRICT

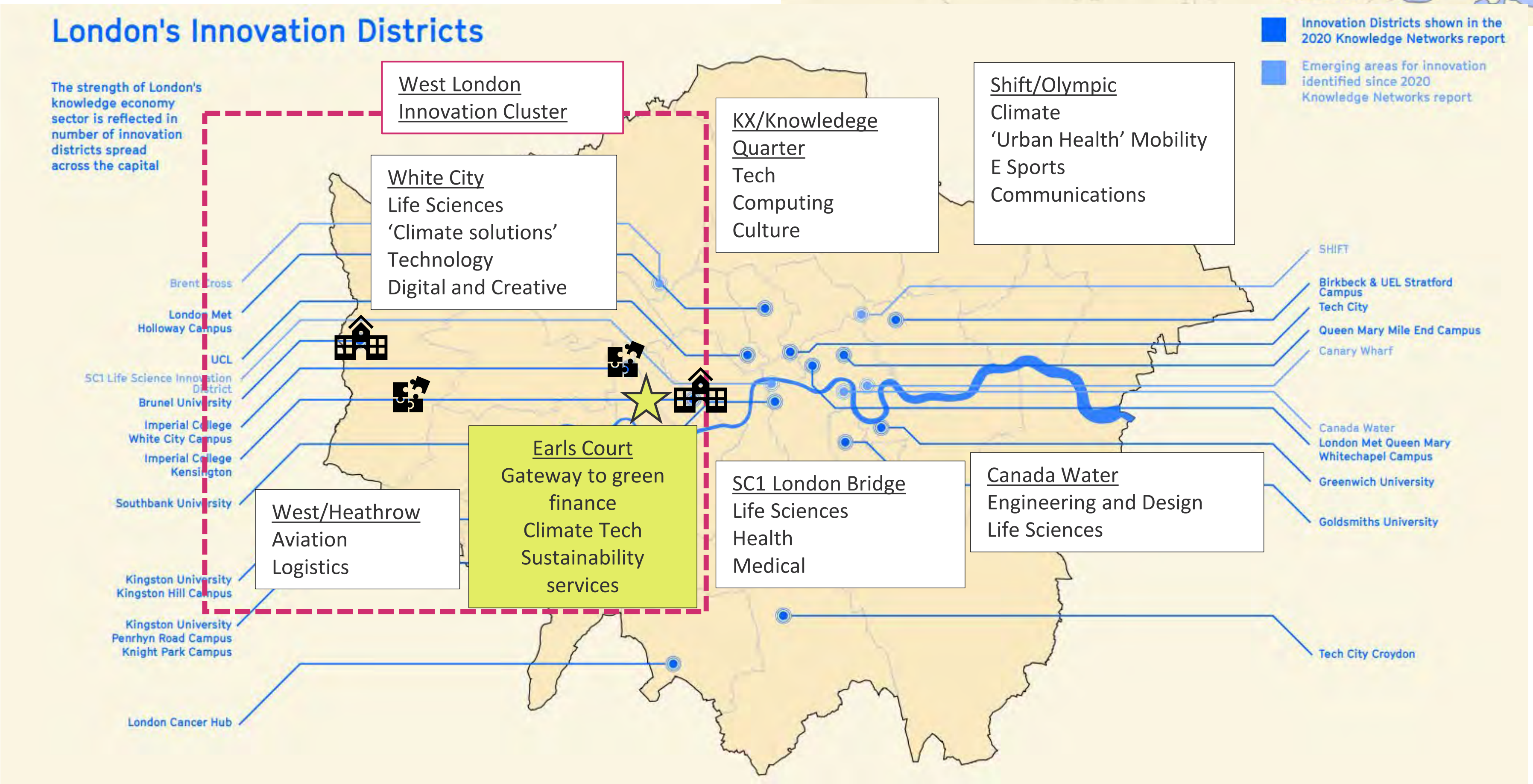
Imperial College London

Brunel University London

h&f hammersmith & fulham

London West Innovation Network

Transport for London



3. Office Impact Assessment (Urban Shape)

EARLS COURT

Office Impact Assessment

ECDC Planning
July 2025

The Earls Court Development Company

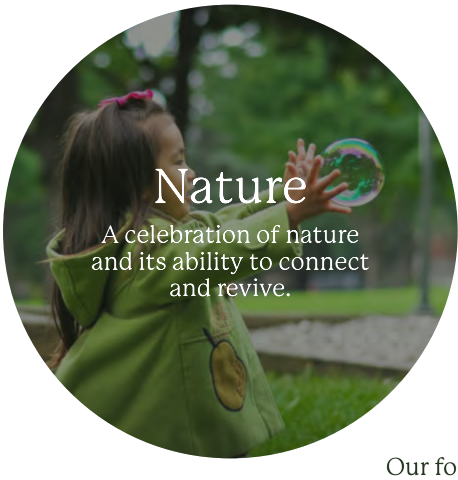
EARLS COURT

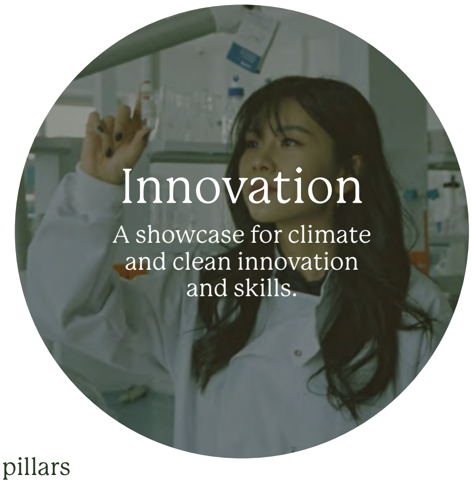
We are creating a place the world will watch with wonder, on London's iconic site of human ingenuity.

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.

Discover Wonder

EARLS COURT

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

Contents

1. Introduction

1.1 This Office Impact Assessment has been prepared by Urban Shape and is submitted as part of two Hybrid Planning Applications; one submitted to the London Borough of Hammersmith and Fulham ('LBHF') (LBHF Ref: 2024/01942/COMB) and one submitted to the Royal Borough of Kensington and Chelsea ('RBKC') (RBKC Ref: PP/24/05187). The Hybrid Planning Applications have been submitted on behalf of Earls Court Partnership Limited ('ECPL'), ("The Applicant").

1.2 The RBKC Hybrid Planning Application is formed of detailed development proposals in respect of Development 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".

1.3 The LBHF Hybrid Planning Application is formed of detailed development proposals in respect of Development 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"). LBHF Detailed Component and LBHF Outline Component together are referred to as the "LBHF Proposed Development".

1.4 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. Full details of the Site, Proposed Development, floorspace schedules and planning assessment are set out in the accompanying Planning Statement, Development Specification and Design & Access Statement.

1.5 The Hybrid Planning Applications were submitted in July 2024 and this Office Impact Assessment has been prepared in response to consultation feedback received from LBHF and RBKC which has requested additional information and clarifications in respect of the impact of the proposed office floorspace on the network of nearby town centres.

1.6 This report confirms that the office floorspace is in accordance with the Development Plan and an Office Impact Assessment is not, therefore, a requirement of the planning applications. Despite such a high level of conformity with the Development Plan, and to respond to consultation feedback since July 2024, we consider and present an assessment of impact. This report demonstrates that the proposed office floorspace will only lead to positive outcomes for the Site, local area, and network of town centres; it is structured as follows:

- **Section 2** details the site and surrounding area;
- **Section 3** describes the Proposed Development, with a particular focus on the office floorspace;
- **Section 4** summarises the relevant planning policies;
- **Section 5** includes an overview of the commercial office markets;
- **Section 6** sets out a detailed analysis of the network of town centres with a particular focus and the scale, type and mix of office floorspace;

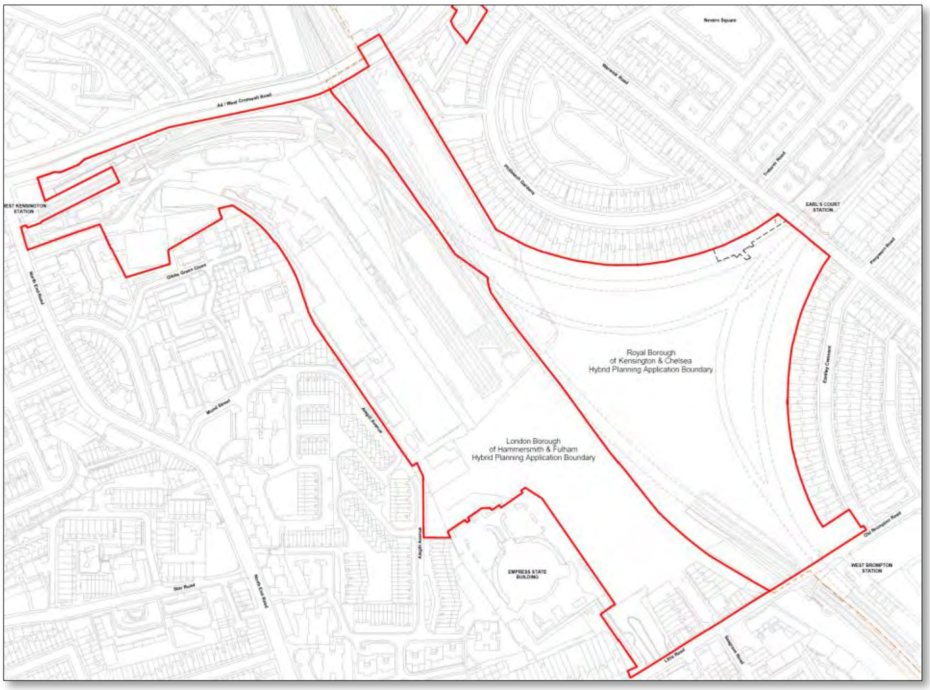
- **Section 7** provides the policy response to the requirement for an office impact assessment;
- **Section 8** sets out conclusions of this report.

1.7 This report is informed by the Earls Court Commercial Strategy (July 2024) prepared by Knight Frank/JLL and submitted as part of the Hybrid Planning Applications. This report also comments, where relevant, on review appraisals of the Earls Court Commercial Strategy prepared by Iceni and Aecom on behalf of RBKC and LBHF respectively (‘the Iceni Report’ and the ‘Aecom Report’ from hereon).

2. Site and Surrounding Area

2.1 The Site (Figure 2.1) occupies an area of approximately 18 hectares (approximately 180,860sqm) and is located in both the London Borough of Hammersmith and Fulham (LBHF) and the Royal Borough of Kensington and Chelsea (RBKC), in west London. The Site area associated with the RBKC Hybrid Application is 8 hectares (approximately 79,897sqm) and the Site area associated with the LBHF Hybrid Application is 10 hectares (approximately 100,963sqm).

Figure 2.1: Site Location Plan



2.2 The LBHF and RBKC administrative boundary bisects the Site along a northwest / southeast axis from Lillie Road to West Cromwell Road.

2.3 The RBKC Site is bound to the north by West Cromwell Road, to the east by Warwick Road, Philbeach Gardens and Eardley Crescent, to the south by Lillie Road and Old Brompton Road and to the east by the West London Railway Line.

2.4 The LBHF Site is bound to the east by North End Road, Beaumont Avenue, The Former Gibbs Green School and Properties Fronting Dieppe Close, to the north by West Cromwell Road, to the west by the West London Railway Line, to the south by Lillie Road and to the south-east by land comprising the Empress State Building and Aisgill Avenue.

2.5 The Site is a large brownfield site dominated by railway infrastructure and comprises the following:

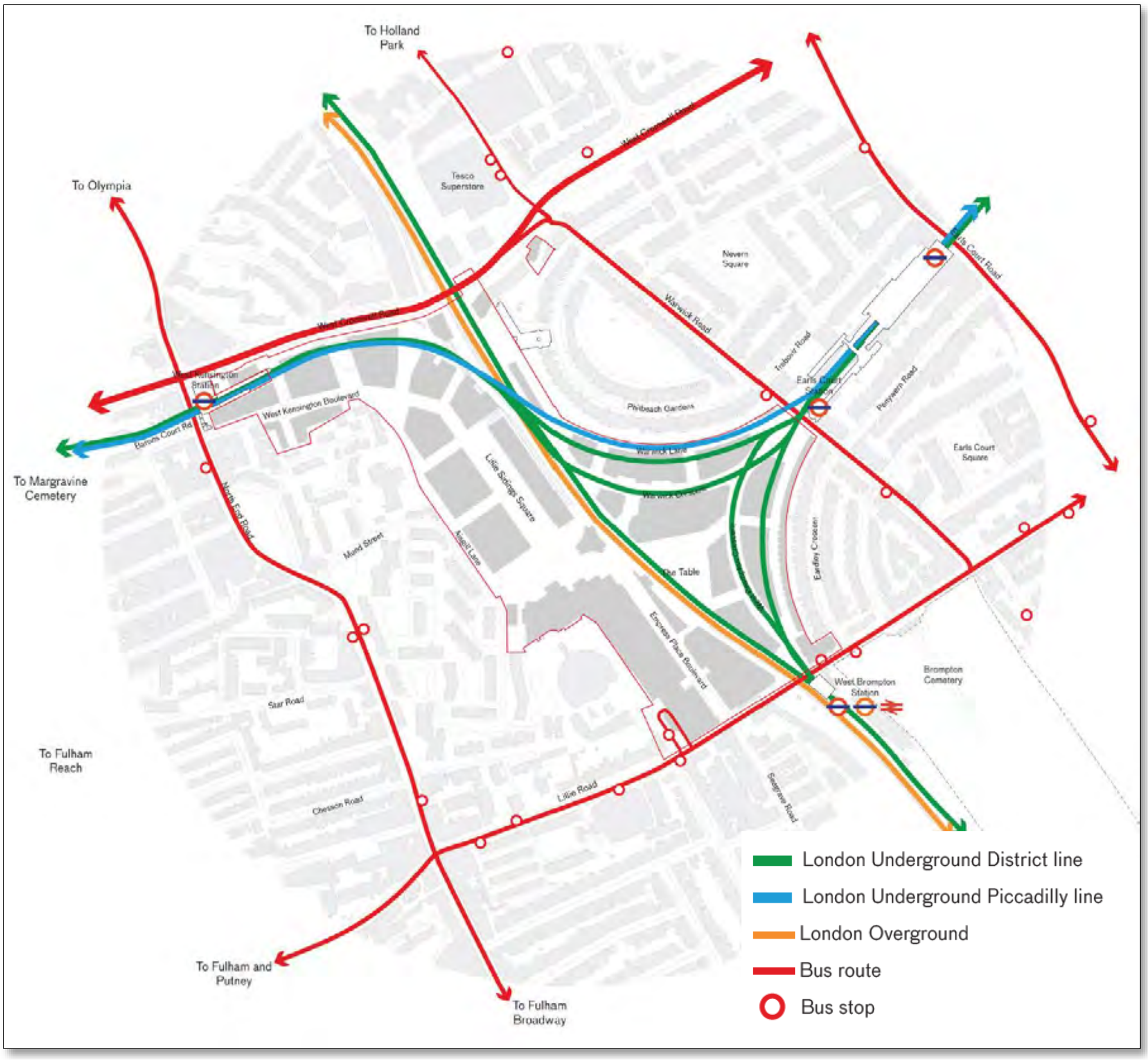
- Cluny Mews – The far north-eastern part of the site comprises an office building at approximately 4 storeys, an annex building which comprises 3 storeys of residential flats and associated paved roads with parking. This is currently activated as a temporary meanwhile use.

- Former exhibition centres – The eastern and south-eastern parts of the site (roughly triangular shaped and to the west of the West London Line) comprises extensive areas of open hardstanding. This area of hardstanding was previously occupied by the Earls Court Exhibition Centres which were demolished between 2015 and 2017. The table spans the West London Line between the hardstanding areas. Beneath is an extensive network of railway infrastructure including the District Line and Piccadilly Line.
- Empress Place – The southern and south-western parts of the site comprises offices, commercial and residential properties within 3-4 storey terrace buildings fronting Empress Place and Lillie Road.
- Bus Facility – To the west of Empress Place is a bus turning and waiting facility accessed from Lillie Road. This area comprises a bus layover area with capacity for up to four buses and a small standalone structure that includes welfare facilities for bus drivers.
- Lillie Bridge Depot – The western, northern and north-western part of the site comprises the LBD. The LBD is currently used as a maintenance facility by London Underground Ltd (LUL) and as a TfL training facility. The LBD uses and on-site structures comprise office buildings, rail tracks, road to rail vehicle (RRV) delivery and access point, articulated lorry access and delivery area, carpenter/rail workshops, storage buildings, train stabling box, associated infrastructure and parking.
- 9 Beaumont Avenue – A 2 storey building located in the far north-western part of the site. This is temporarily in use as an interactive theatre experience.

Figure 2.2: Aerial View of the Site and the Surrounding Townscape

2.6 The Site benefits from excellent public transport connectivity, with a strong PTAL rating of 6a – amongst the most accessible sites in London. Three TfL underground stations are located in close proximity, including Earls Court Station adjacent to the eastern boundary of the Site (Piccadilly and District Line); West Brompton Station located adjacent to the southern boundary of the Site (London Overground and District Line); and West Kensington Station adjacent to the western boundary of the Site (Piccadilly Line) (Figure 2.3).

Figure 2.3: Public Transport Connections



2.7 Proximity to Paddington Station and location alongside the A4 allows for excellent western connectivity by road (to the M4 corridor) and by rail (to Reading, Bristol and Oxford). The Site additionally benefits from easy connection to Heathrow airport and major transport interchanges Victoria, Clapham Junction and King's Cross.

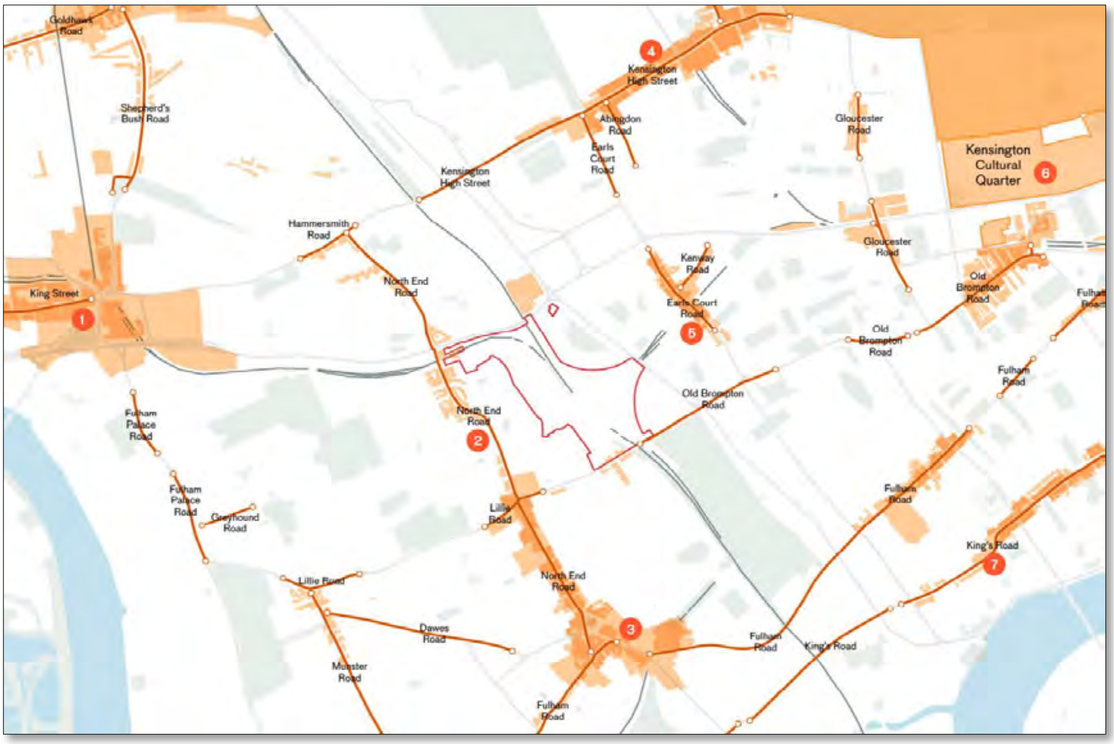
2.8 Permeability across the Site and with adjoining neighbourhoods is, however, poor and cut-off given the vacant brownfield nature of the Site. As set out in the following section of this report, the Proposed Development will address these physical barriers through a carefully curated integration strategy focusing on pedestrian and cycle routes through the Site and beyond to adjoining neighbourhoods, communities and high streets. Further details are provided in the Design & Access Statement (DAS).

2.9 The local area has well established high streets near to the Site. Earl's Court Road District Centre (RBKC) (No.5, Figure 2.4) is 260 metres to the east. The eastern entrance of Earls Court underground station leads directly into the southern part of the district centre, and the western entrance of Earls Court underground station leads directly to Warwick Road and the Site. Alternative walking routes from the District Centre to the Site include Trebovir Road and Penywern Road, both running parallel to the covered station through-route.

2.10 Fulham Major Centre (LBHF) (No.3, Figure 2.4) is located around 525 metres from the corner of the Site (Seagrove Road / Lillie Road) to the start of the Primary Shopping Area (North End Road / Racton Road). The distance to the edge of the Town Centre Boundary is 225 metres. This is a pedestrian friendly route, and different routes can be taken through the network of residential streets. Also, in LBHF, North End Road (West Kensington) Local Centre (No.2, Figure 2.4) adjoins the Site at West Kensington Underground Station.

2.11 Figure 2.4 illustrates the Site and other nearby town centres, including Old Brompton Road (West) Local Centre (c.65 metres); Kensington High Street Major Centre (c.965 metres); Fulham Road (West) District Centre (c.1,000 metres); and South Kensington District Centre (c.1,335 metres) – all in RBKC. Further afield, Hammersmith Town Centre is located around 1 mile to the west, an approximate 20 minute walk.

Figure 2.4: The Site and Nearby Town Centres



Earls Court as an Office Location

2.12 The Knight Frank/JLL Commercial Strategy (July 2024) and subsequent updates set out why the Site is suitable for the scale of office development being proposed, stating that the initial occupier appeal will lie in the iconic history of the Site and its immediately identifiable name – 'Earls Court'. The Site is an increasing rarity due to its scale and ability to deliver a transformative and vibrant mixed-use location, including an office sector of global recognition – cementing RBKC and LBHF as a premier iconic office location. Earls Court is a unique opportunity to deliver high quality workspace at scale across two London boroughs.

2.13 Occupiers in London are increasingly demanding floorspace that has strong connectivity to attract and retain employees from a large talent pool; the location of the Site (PTAL 6a) makes it an ideal candidate for office development, being easily accessible from key commuter hotspots and key transport interchange points across the region and beyond. International arrivals at Heathrow airport can also access the Site in around half an hour, and there are excellent links to other office markets, such as Kings Cross and White City, for example. The Iceni Report recognises that, as with most regeneration schemes, there is a need to transform perceptions, a 'build it and they will come' mentality that has well served developments from Docklands to Kings Cross over the decades (para.5.54).

2.14 Earls Court is perfectly situated to develop as an innovation hub in West London. The theme of emerging sectors, including tech, science and educational institutions, forms a central part of the Commercial Strategy for the Site. As well as neighbouring Imperial College and other leading London universities such as University College London (UCL), the location of Earls Court 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.

2.15 The scale of the Site will enable well-designed office accommodation alongside significant on-site amenity and public realm, a combination attractive to potential occupiers. The single ownership of a Site of this scale is of great significance, enabling control to deliver the Commercial Strategy in accordance with the vision and overall masterplan for the office sector and wider uses. The ownership and control mechanism will ensure the vision for a unique innovation hub office development is delivered, complementing the current office floorspace and sub-markets across the sub-region with benefits far beyond the Site boundary.

2.16 Alongside global and national operators and business, the scale of the development and single ownership provides a unique opportunity to also deliver the level of affordable workspace being proposed. The model will offer local businesses and entrepreneurs the opportunity to take space on a scheme surrounded by global and national companies and offer scale-up opportunities to retain talent and skills in the boroughs.

2.17 The location, scale and ownership of the Site is a truly unique opportunity for West London to deliver transformational change. The Site is exceptionally placed to provide wider benefits due to i) the scale of the Site, ii) the proposed placemaking to deliver public realm and amenity, and iii) 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.

3. The Proposed Development

3.1 The Proposed Development will provide a vibrant mix of residential homes, public spaces, cultural destinations, and ancillary commercial uses, adding to a growing community across the Earl's Court and West Kensington Opportunity Area. This section provides a broad overview of the Proposed Development and sets out more context in respect of the proposed office floorspace.

Proposed Development - Overview

3.2 Significant place-making benefits will be delivered on the Site and for the surrounding areas with the creation of new routes, improved connectivity to adjoining areas and the provision of a network of outdoor spaces and high-quality public realm. The Proposed Development will celebrate nature, providing space for a 4.5-acre urban park and a network of public realm and public open spaces. The inclusion of vibrant cultural destinations and commercial floorspace at ground floor will ensure that frontages and footfall bring life and activity to the area.

3.3 The Proposed Development will provide a residential-led mixed-use scheme. A full description of each element of the Proposed Development is provided in the submitted Planning Statement and Development Specification, but in summary the overall hybrid applications are capped at a maximum of 713,669 sq m GEA[1]. The combined area of different proposed land uses listed below exceed this maximum cap to allow for flexibility in the way in which floorspace is delivered across the Site as the Proposed Development comes forward, but at no point can the maximum cap be exceeded across the Site. The Proposed Development will comprise the following land uses (maximum sq m GEA):

- Residential Use Class C3: 460,000 sq m GEA
- Student Sui Generis: 70,000 sq m GEA
- Co-Living Sui Generis: 50,000 sq m GEA
- Data Centre Use Class B8/Sui Generis: 10,000 sq m GEA
- Hotel Use Class C1: 36,000 sq m GEA
- Education Use Class F1(a): 45,000 sq m GEA
- Health / Later Living Use Class C2: 75,000 sq m GEA
- Logistics Use Class B8: 16,000 sq m GEA
- Community / Social Infrastructure Use Class F / E(g): 3,000 sq m GEA
- Indoor Sport & Recreation Use Class E(d): 13,000 sq m GEA
- Culture Sui Generis: 14,000 sq m GEA
- Retail / F&B Use Class E(a)(b)(c): 25,000 sq m GEA
- Office / R&D Use Class E(g)(i): 250,000 sq m GEA

3.4 The Proposed Development will provide up to 3,900 residential dwellings split between LBHF (2,500) and RBKC (1,400)[2]. The hybrid planning applications seek an 'intergenerational community' by providing the full range of housing types and tenures that will enable people at

[1] Development Specification, Table 5
[2] Development Specification, Table 8

all stages of their life to live in Earls Court. The residential floorspace will generate a new on-site population of 9,650, again split between LBHF (7,080) and RBKC (2,570).

Office Floorspace

3.5 The hybrid planning applications aim to deliver an innovation workspace ecosystem supporting start-ups, scale ups and multinationals, designed to foster collaboration and innovation. The innovation hub will aim to focus on emerging sectors, complementing and developing the ecosystem, rather than directly competing with other west London destinations; operations will include clean/climate tech, financial tech, cyber security, AI, life sciences, education/research and development, and technology media and telecommunications (TMT), alongside more traditional Private Equity and Venture Capital firms.

3.6 Floorspace will include co-working space enabling start up and scale up businesses, small affordable studios and workshops, and mixed lab/office/research and development space; 8,457 jobs will be created[3]. Figure 3.1 illustrates the three workspace hubs across the Site, intentionally located adjacent to the Underground stations (Earls Court, West Brompton, West Kensington), providing both ease of access and a prominent address in the local area.

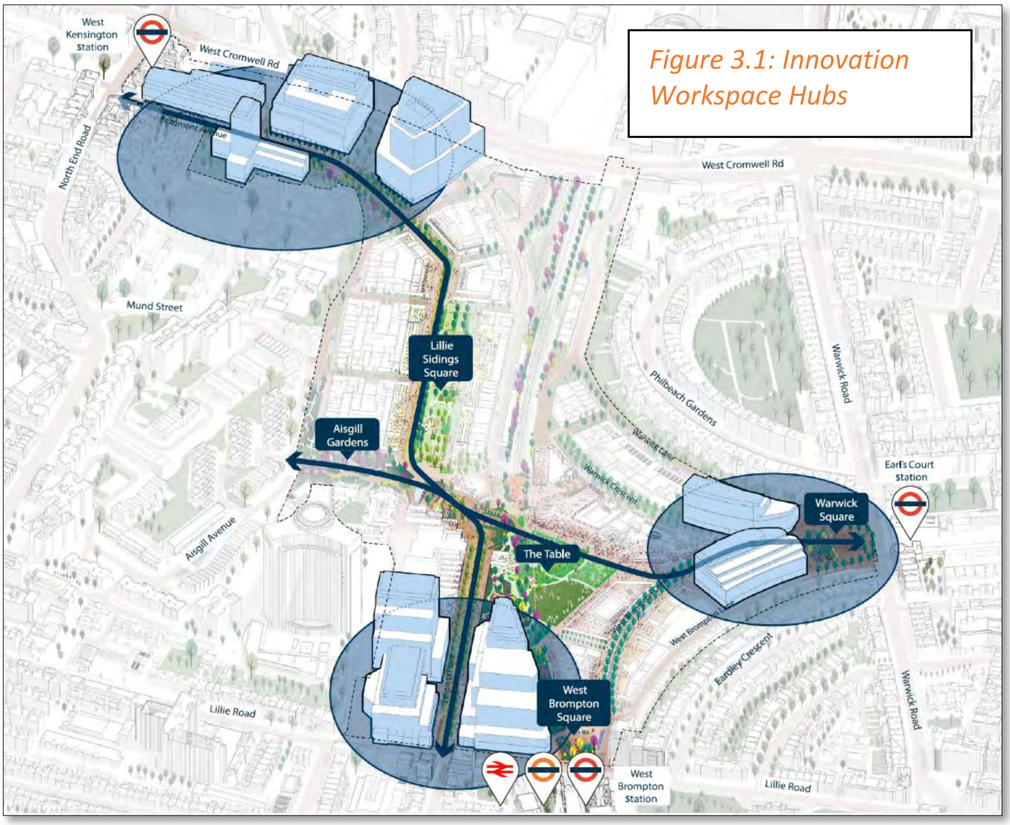


Figure 3.1: Innovation Workspace Hubs

3.7 The submitted Development Specification sets out an allowance of up to 250,000sqm GEA of office floorspace (Use Class E(g)), of which 175,000 sq m is in LBHF, whilst 95,000 sq m is in RBKC – 65% and 35% respectively. Enabled by single ownership status, Earls Court will develop a commercial ecosystem to the benefit of the Site and wider area, complementing existing

[3] Table 7.26, Environmental Statement, All Phases

floorspace and reinforcing the wider network of growing innovation hubs in and around West London.

3.8 White City, for example, 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, enabling the delivery of a world-leading innovation district in West London. Earls Court will provide the physical 'home' for this ecosystem, offering a range of opportunities for different sized companies and organisations, from start-ups to scale ups and beyond to the larger corporates.

3.9 The Iceni Report recognises that, as with most regeneration schemes, there is a need to transform perceptions, a 'build it and they will come' mentality that has well served developments from Docklands to Kings Cross over the decades (para.5.54).

3.10 Innovative companies recognise the substantial agglomeration benefits of being located in innovation hotspots. 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. By targeting a range of occupiers from these innovative sub-sectors, Earls Court aims to complement rather than compete with White City. The focus will be on sectors with strong growth potential, including Climate Tech, FinTech, MedTech, Cyber Security, and AI. The Life Sciences sector is also targeted due to its size and growth potential, while educational institutions will continue to enrich the talent pool and drive further innovation.

3.11 The Proposed Development has been curated to foster a diverse ecosystem of high-growth, innovative sub-sectors, targeting emerging sectors rather than competing directly with other projects, allowing for a strategic niche market position. The place-making vision will develop a point of differentiation from traditional town centre office markets, mitigating direct impact whilst creating market momentum for upgrading surrounding older stock offices. King's Cross is an example of a place that has evolved into a successful 'office location' leading to an overwhelming positive ripple effect in the surrounding areas, with substantial office upgrades and refurbishments.

3.12 ECDC has confirmed the aspiration for office floorspace to be highly sustainable, truly adaptive, flexible and future-proofed. A range of spaces will be available across the Site, including small studios, dry lab, semi-industrial, and scale up and start up pods and units. Office space will include a single desk to groups of desks, part or whole floor lettings, and a variety of sizes with whole buildings ranging from 120,000 sq ft to 400,000 sq ft, and – almost uniquely in central London – clusters of buildings if required from 250,000 sq ft to nearly 1 million sq ft.

3.13 This level of variety is extremely rare across London, which presents the Site as particularly attractive to potential occupiers. To respond to tenant requirements, the proposed office floorspace can also be tailored to specific requirements due to the flexibility of the floorplates, contributing to viability across the Site and opportunities for scale-ups.

3.14 Today's business community seek to meet both the requirements of their staff's values and aspirations alongside a focus on ESG (Environmental, social and governance). In this context, the sought-after space has to be highly sustainable and the previous standard 'white, out-of-the-box' British Council for Offices (BCO) tick box standard is no longer sufficient or acceptable to business. The supply of second-hand stock in and around central London does not meet the needs of the current market, and there is a clear gap in the market for high spec Grade A flexible office space. The Proposed Development will address this deficiency, providing space – and a place – currently in short supply.

3.15 The lower floors will have higher floor to ceiling heights and more solid floor construction to allow for increased services for lab, lab-enabled and light production spaces; this will also hold true for some of the smaller studio spaces. Servicing strategies may vary but typically will primarily be in floor to provide ease of change, rapid flexibility and accessibility. Businesses, and therefore jobs, grow and thrive when part of a wider and more varied business community – they feed and enrich each other. The scale of the office floorspace will enable growth and evolution over time and allow business and companies to collaborate in close proximity to each other.

3.16 The ability to provide scale-up space will benefit both boroughs, helping to ensure that existing and potential borough occupiers are retained in the area rather than raising concerns about a lack of available suitable high quality office space and/or the right local collaborative eco-system. A key focus of the commercial strategy for Earls Court seeks to complement and assist the current business community as they seek new space, ensuring the retention of investment, and the safeguarding of jobs and opportunities within the boroughs.

3.17 The RBKC Iceni Report comments that office submarkets around Earls Court (Hammersmith, Fulham and Western Fringe) are less in demand than most Central London submarkets, and that Earls Court is generally considered to be outside of the Central London office market, or at the most to be on its periphery. Nevertheless, they add that – as with most major regeneration schemes – there is a need to transform perceptions, a 'build it and they will come' mentality that has well served developments from Docklands to Kings Cross over the decades (RBKC Iceni Report para.5.53 and 5.54).

Office Floorspace - Phasing

3.18 The Proposed Development is currently anticipated to be delivered in eight main phases and over an estimated programme of approximately 19 years through to 2043. The eight main phases encompass the full build out of the Proposed Development.

3.19 Whilst no significant delay is expected between the phases, realising vacant possession of the Lillie Bridge Depot is complex and whilst an indicative programme has been agreed with LUL, it is subject to ongoing review, detailed preparation, and additional consents. It may change and could delay vacant possession beyond the timescales currently anticipated and the Hybrid Planning Applications therefore consider two different phasing scenarios. These are:

a) All Phases: comprising the entirety of the Proposed Development. This is currently anticipated for completion by 2043 (19 years).

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. Anticipated for completion in 2037 (13 years).

3.20 For further information in relation to phasing and development scenarios, refer to the submitted Planning Statement and Environmental Statement. Table 3.1 sets out the breakdown of office and research floorspace (Use Class E(g)) proposed across the two boroughs in the 'All Phases' scenario through to 2043.

Table 3.1: All Phases Maximum Commercial Areas

Borough	Commercial Workspace GEA sqm(a)	Commercial Workspace GIA sq m(b)	Commercial Workspace NIA sq m
LBHF	155,000	174,800	139,840
RBKC	95,000	73,600	58,880
TOTAL	250,000	248,400	198,720

Source: (a) Development Specification 2025 & (b) Commercial Strategy, July 2024, KF/JLL page 27

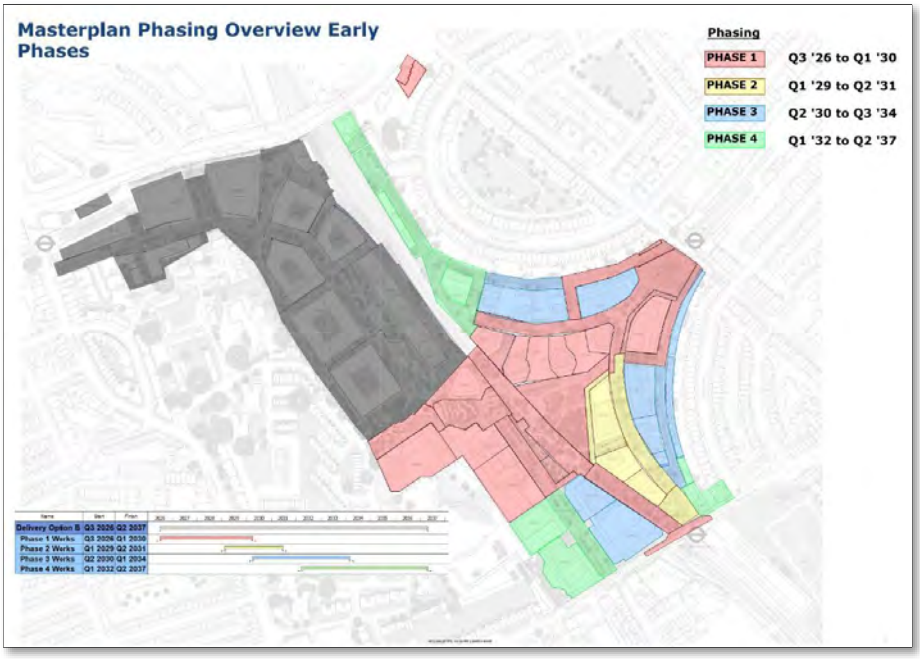
3.21 In the Early Phases scenario, the scheme will look to deliver up to 165,000 sq m GEA across the Site (Table 3.2), the main commercial difference being the exclusion of the West Kensington workplace cluster (Figure 3.2, grey shaded area). The commercial clusters focused around both Earls Court and West Brompton stations will be delivered in either scenario.

Table 3.2: Early Phases Maximum Commercial Areas

Commercial Workspace GEA sqm (a)	Commercial Workspace GIA sq m (b)	Commercial Workspace NIA sq m
165,000	156,400	125,120

Source: (a) Development Specification 2025 & (b)Commercial Strategy, July 2024, KF/JLL page 27

Figure 3.2: Masterplan Phasing – Early Phases Scenario



3.22 Scale and critical mass have been carefully and intentionally curated as part of the Earls Court Development. Critical mass is important to create a true sense of place, and 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.

3.23 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. The Commercial Strategy references Cluny Mews to the northeast of the site as an example of a single building location struggling to survive, highlighting the necessity and need for occupiers to be around other organisations for interaction, business, idea sharing, and staff retention and attraction.

4. Planning Policy Framework

4.1 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).

4.2 For LBHF the Development Plan for the Site comprises:

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

4.3 For RBKC the development plan for the Site comprises:

- The London Plan (2021);
- The Royal Borough of Kensington and Chelsea (RBKC) Local Plan 2024.

4.4 The National Planning Policy Framework (NPPF) must be taken into account in preparing the development plan and is a material consideration in planning decisions.

National Planning Policy Framework (NPPF) (2024)

4.5 The revised National Planning Policy Framework ('NPPF') for England was updated by the Government in 2024. The NPPF constitutes formal guidance for a Local Planning Authority and is a 'material consideration' in determining applications. The NPPF makes it clear that 'development plans' should be consistent with the objectives, principles and policies set out at national level and in particular reflect the explicit presumption in favour of sustainable development (paragraph 11).

4.6 The NPPF requires local planning authorities to adopt a positive approach to decision-taking, and to apply a presumption in favour of sustainable development. The NPPF requires that applications which accord with the development plan should be approved 'without delay'. In instances where there are no relevant development plan policies, or the policies (which are most important for determining the application) are out-of-date, the NPPF states that permission should be granted, unless the adverse impacts of doing so would significantly outweigh the benefits of the development, when assessed against the policies in the NPPF.

4.7 Paragraph 8 sets out the economic objective to 'help build a strong, responsive and competitive economy', whilst paragraph 85 emphasises that planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.

4.8 Paragraph 39 sets out that local planning authorities 'should work proactively with applicants to secure developments that will improve the economic, social and environmental conditions of the area. Decision-makers at every level should seek to approve applications for sustainable development where possible'. Paragraph 87 adds that planning policies and decisions should recognise and address the specific locational requirements of different sectors in suitably accessible locations, including – for example – knowledge and data driven, creative or high technology, and storage/distribution.

4.9 The NPPF aims to ensure the vitality of town centres and sets out criteria for the application of the sequential and impact test. Paragraph 91 advises that a sequential test should be required for planning applications for 'main town centre uses'[4] (which include offices) that are not in an existing centre and are not in accordance with an up to date Local Plan.

4.10 The sequential test seeks to focus development in town centre locations, followed by edge of centre locations and only where suitable sites are not available within a reasonable period of time should out of centre sites be considered. Paragraph 92 emphasises that when considering edge of centre and out of centre proposals, preference should be given to accessible sites which are well connected to the town centre.

4.11 Paragraph 94 of the NPPF advises that impact assessments should only be required for retail and leisure development outside town centres and makes no reference to office floorspace. Paragraph 14 of the Planning Practice Guidance (PPG) (March 2014) confirms that the impact test "relates to retail and leisure developments (not all main town centre uses)". The NPPF and PPG confirm that an impact test is not required for office development.

4.12 The 'checklist for applying the impact test' is set out in paragraph 18 of the PPG, and re-affirms the impact test being specific to retail and leisure development through the analysis of issues including 'trade diversion', the 'nature of current shopping patterns', 'expenditure growth in convenience and comparison goods', 'assessing turnover and trade draw' and 'mature trading patterns'. These issues are industry standard when assessing retail and leisure development, and have no relation or relevance to office development.

4.13 Annex 2 of the NPPF provides a glossary of definitions, including the following of relevance to this assessment:

- **Edge-of-Centre** (for retail purposes): a location that is well connected to, and up to 300 metres from, the *primary shopping area*;
- **Edge-of-Centre** (for all other main town centre uses): a location within 300 metres of a *town centre boundary*. For office development this includes locations outside the town centre but within 500 metres of a public transport interchange;
- **Primary Shopping Area**: defined area where retail development is concentrated;
- **Town Centre**: area defined on the local authority's policies map, including primary shopping area and areas predominantly occupied by main town centre uses (including offices) within or adjacent to the primary shopping area;

4.14 The Site and proposed office floorspace is less than 300 metres from the boundary of Earls Court District Centre (RBKC) and Fulham Major Centre (LBHF). The Site, including the proposed office floorspace, is edge-of-centre.

[4] Annex 2, NPPF (Glossary) defines main town centre uses to include offices.

National Planning Practice Guidance (November 2020)

4.15 National Planning Practice Guidance (PPG) was first published on 6 March 2014 with subsequent updates. Paragraph 010 of the PPG states that in determining planning applications and where applicable, the applicant must demonstrate compliance with the sequential test, the requirements of which must be proportionate and appropriate for the given proposal. If there are no suitable preferable locations, the sequential test is passed.

4.16 Paragraph 011 states that 'the use of the sequential test should recognise that certain main town centre uses have particular market and locational requirements which mean that they may only be accommodated in specific locations. Robust justification must be provided where this is the case.'

4.17 Paragraph 014 of the NPPG confirms that the impact test 'relates to retail and leisure developments (not all main town centre uses)'. The NPPF and NPPG confirm that an impact test is not required for office development.

Development Plan

London Plan (March 2021)

4.18 In March 2021, the Mayor adopted the London Plan. Forming part of the development plan for the Greater London authorities, it is a strategic spatial planning document setting the London wide context within which individual London Boroughs must set their local planning policies. The London Plan forms part of the Development Plan for the purposes of development control and planning decisions.

4.19 The concept of 'Good Growth' – growth that is socially and economically inclusive and environmentally sustainable – underpins the Plan and ensures a focus on sustainable development. In '*Planning for Good Growth*', paragraph 1.0.10 confirms that planning for mixed-use developments in all parts of London will spread the success of London's economy and create stronger communities where everyone feels welcome.

4.20 Policy GG1 seeks to build *strong and inclusive communities*, stating that development must provide access to good quality services and amenities that accommodate, encourage and strengthen communities, increasing active participation and social integration, and addressing social isolation. Part D seeks to ensure that London continues to generate a wide range of economic and other opportunities, and that everyone is able to benefit from these to ensure that London is a fairer, more inclusive and more equal city.

4.21 Policy GG2 of the London Plan states that in order to create successful, mixed-use places that make the best use of land, priorities for development should be Opportunity Areas, brownfield land, surplus public sector land, sites which are well-connected by existing or planned Tube and rail stations, sites within and on the edge of town centres, and small sites.

4.22 The London Plan identifies a total of 48 'Ongoing Opportunity Areas' across Greater London, with the Site falling within the Earl's Court and West Kensington Opportunity Area (ECWK OA) – one of only two in RBKC, the other being Kensal Canalside in the far north of the Borough. The London Plan states that the Opportunity Areas have the potential to deliver a 'substantial number' of the new homes and jobs that London needs, with Table 2.1 setting out that the ECWK OA could deliver around 6,500 new homes and 5,000 new jobs.

4.23 Policy SD1 of the London Plan states that Boroughs should, through development plans, clearly set out how they will encourage and deliver the growth potential of Opportunity Areas. The policy emphasises that boroughs should provide the necessary social and other infrastructure to sustain growth and create mixed and inclusive communities.

4.24 Policy E1 states that improvements to the quality, flexibility and adaptability of office space of different sizes (for micro, small, medium-sized and larger enterprises) should be supported by new office provision, refurbishment and mixed-use development. The policy adds that development proposals related to new offices should take into account the need for a range of suitable workspace including lower cost and affordable workspace.

4.25 Supporting text paragraph 6.1.2 recognises that the office market is going through a period of restructuring with increasing numbers of micro, small and medium-sized enterprises (SME's), changing work styles supported by advances in technology, and new forms of accommodation such as flexible and co-working space. Office employment projections translate into demand for between 4.7 and 6.1 million sq m of office floorspace over the period 2016 to 2041. Supporting text emphasises that it is important that the planning process does not compromise potential growth.

4.26 Policy E2 recognises the restructuring of the office market and directs boroughs to include policies in Development Plan Documents that support the provision of a range of business space, to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand. The policy adds that the development of business uses should ensure that the space is fit for purpose having regard to the type and use of the space.

4.27 Policy E8 seeks to promote employment opportunities for Londoners across a diverse range of sectors. The following parts of Policy E8 are of particular relevance:

- Part A: Employment opportunities for Londoners across a diverse range of sectors should be promoted and supported along with support for the development of business growth and sector-specific opportunities.
- Part B: London's global leadership in tech across all sectors should be maximised.
- Part C: The evolution of London's diverse sectors should be supported, ensuring the availability of suitable workspaces including:
    1. start-up, incubation and accelerator space for micro, small and medium-sized enterprises
    2. flexible workspace such as co-working space and serviced offices
    3. conventional space for expanding businesses to grow or move on
    4. laboratory space and theatre, television and film studio capacity
    5. affordable workspace in defined circumstances (see Policy E3 Affordable workspace).
- Part D: Innovation, including London's role as a location for research and development should be supported, and collaboration between businesses, higher education providers and other relevant research and innovation organisations should be encouraged.
- Part E: London's higher and further education providers and their development across all parts of London should be promoted. Their integration into regeneration and

development opportunities to support social mobility and the growth of emerging sectors should be encouraged.

- Part F: Clusters such as Tech City and MedCity should be promoted and the development of new clusters should be supported where opportunities exist, such as CleanTech innovation clusters, Creative Enterprise Zones, film, fashion and design clusters, and green enterprise districts such as in the Thames Gateway.

4.28 Policy SD7, 'Town Centres', states that when considering development proposals, boroughs should take a town centres first approach. Boroughs are directed to apply the sequential test to applications for main town centre uses, requiring them to be located in town centres. If no suitable town centre sites are available or expected to become available within a reasonable period, consideration should be given to sites on the edge of centres that are, or can be, well integrated with the existing centre, local walking and cycle networks, and public transport. Applications that fail the sequential test should be refused.

4.29 Policy SD7 requires an impact assessment on proposals for new, or extensions to existing, edge or out-of-centre development for retail, leisure and – going beyond the advice set out in the NPPF – office uses that are not in accordance with the Development Plan. Applications that are likely to have a significant adverse impact should be refused.

4.30 Policy SD8 seeks to manage the town centre network across London, setting out five category classifications including International, Metropolitan, Major, District, Local and Neighbourhood:

- International, Metropolitan and Major town centres should be the focus for the majority of higher order comparison goods retailing, whilst securing opportunities for higher density employment, leisure and residential development in a high-quality environment.

- District centres should focus on the consolidation of a viable range of functions, particularly convenience retailing, leisure, social infrastructure, local employment and workspace.

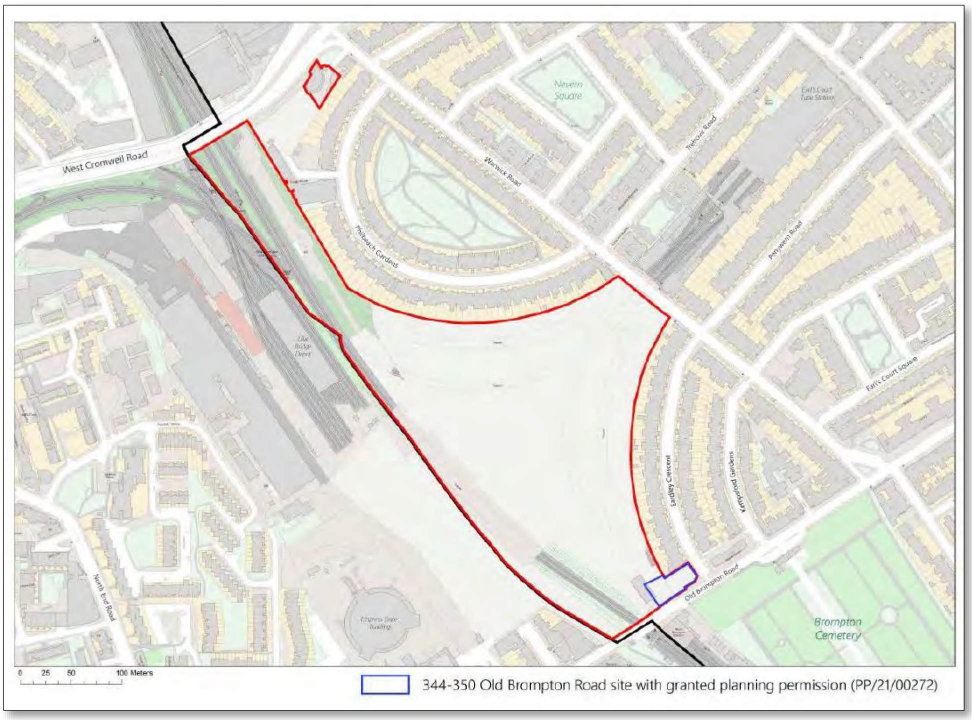
- Local and neighbourhood centres should focus on providing convenient and attractive access by walking and cycling to local goods and services needed on a day-to-day basis.

4.31 Part G of Policy SD8 signposts to Annex 1 of the London Plan and the broad policy guidelines for individual town centres, including indicative commercial growth potential and viable office locations. We return to the town centre network and relevant guidelines when considering impact later in this report.

RBKC Local Plan 2024

4.32 The Local Plan was published in July 2024. Site Allocation SA2 'Earl's Court Exhibition Centre' (Figure 4.1), supports around 1,050 or more (C3) new homes within the borough, and around 40,000 sq m or more of non-residential floorspace, of which a minimum 20,000 sq m should be Class E(g) offices, research and development or light industrial.

Figure 4.1: Site Allocation SA2: Earl's Court Exhibition Centre



4.33 Policy TC1 provides the planning framework for the location of new town centre uses (including offices), endorsing the town centres first approach. Part B states that the Council will apply a sequential approach to proposed retail and other main town centre uses which are neither in an existing centre nor in accordance with the other policies in the development plan. Site Allocation SA2 supports office floorspace and a sequential site assessment is not a requirement of the planning applications.

4.34 Part D of Policy TC1 requires an impact assessment for proposals for new, or extensions to existing, edge or out of centre development for retail, leisure and office uses unless that proposal is in accordance with other policies within the Development Plan or lies within an Employment Zone and will support the commercial function of that area. Site Allocation SA2 supports a minimum of 20,000 sq m Class E(g) offices, research and development or light industrial. It is concluded that the proposed office floorspace is in accordance with the Development Plan and an impact assessment is not a requirement of the planning applications.

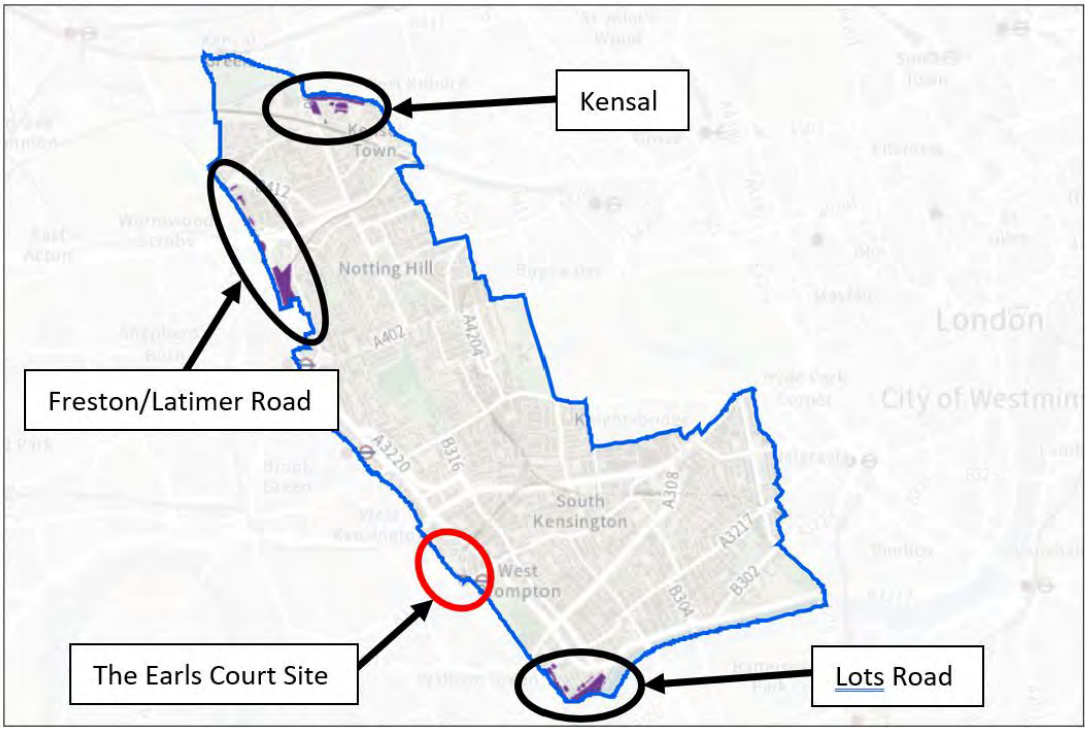
4.35 Section 8 focuses on 'Business'. The 'Key Facts' set out that business uses are concentrated in town centres and the three Employment Zones, but also scattered across the borough. RBKC has a small business economy with 67% of offices less than 100 sq m in size and 90% employ less than 10 people. A particular strength in the business sector is the information and communications, fashion, publishing, music and wider creative industries.

4.36 The Council's Employment Land Study, October 2021 forecasts a demand of 60,500 sq m of net additional office floorspace by 2043 (para.8.3). The Local Plan recognises that this need for new office floorspace is not insignificant and can only be met through the provision of new businesses alongside protecting existing businesses (para.8.2).

4.37 Policy BC1 and paragraph 8.11 sets out the locations where this need should be met, directing new large-scale offices to town centres, edge of centre sites, other accessible areas, Opportunity Areas or within an Employment Zone. The Site is an edge of centre site, located in an 'accessible area' (PTAL 6a) and an Opportunity Area. Paragraph 8.12 adds that the Council will require the provision of business uses within the Earl's Court and West Kensington Opportunity Area, contributing to the sense of place.

4.38 RBKC has three Employment Zones – Kensal, Freston/Latimer and Lots Road (Figure 4.3). Described as being relatively small in size, the Local Plan recognises they make an important contribution to the diversity of job opportunities and stock of business premises in the borough. Whilst protecting and improving these commercial spaces, the Local Plan encourages some diversification and intensification, including residential retail uses.

Figure 4.3: RBKC Employment Zones



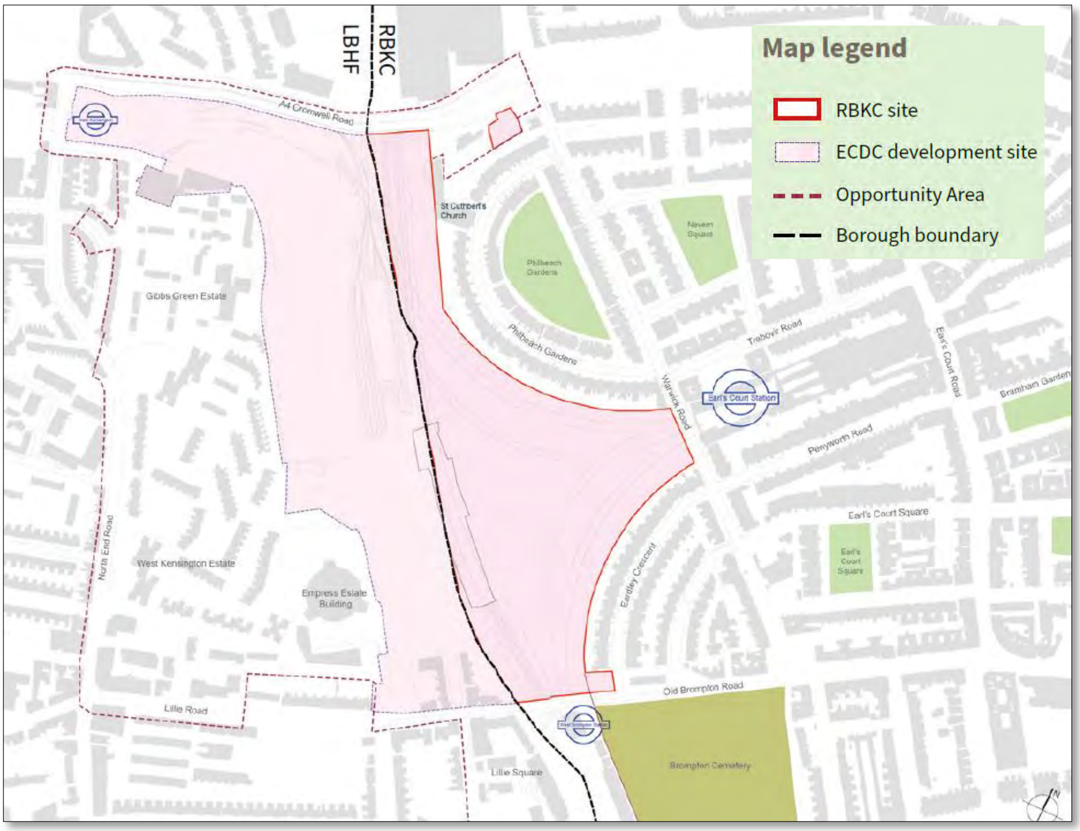
4.39 Policies PLV5, PLV6 and PLV7 allocate the three Employment Zones predominantly for small and medium sized businesses, including the creative and cultural industries. Policy encourages a broad focus on art, architecture, antiques and interior design, seeking a variety of office, studio, production, rehearsal, workshop and maker space. They predominantly comprise low density and light industrial units.

4.40 Paragraph 2.38 highlights that the three Employment Zones combined with the land underneath the Westway and the new commercial space in the Earl's Court and Kensal Canalside Opportunity Areas form a 'spine' of creative activities and employment opportunities. The proposed office floorspace at Earls Court forms part of the wider RBKC business and employment spatial strategy for the borough.

Earl's Court Opportunity Area Placemaking Framework (2023)

4.41 The Earl's Court Opportunity Area Placemaking Framework is a Supplementary Planning Document (SPD) and forms part of the RBKC Development Plan. It is a material consideration in the decision-making process. It was prepared by RBKC to support the transformation of the Opportunity Area and to develop and add detail to the Council's vision for the Earl's Court Opportunity Area (Fig.4.3).

Figure 4.3: ECDC Site Context



4.42 The SPD recognises that the Site is a unique opportunity to create a piece of city which stitches into the wider area, feels like an integrated neighbourhood and becomes as desirable a place to live as the rest of Earl's Court. The defined place-making aspirations seek a lively, new urban quarter of cultural, employment and residential uses that is innovative, sustainable and integrated with the surrounding neighbourhood. A significant cultural facility of world class renown is central to the aspirations for the Site, a venue/s that restores a distinctive identity to the area and attracts a variety of uses to make Earl's Court a vibrant destination and would in turn enhance the wider neighbourhood.

LBHF Local Plan (2018)

4.43 In LBHF, the Site falls within the Fulham Regeneration Area (Fig.4.4, image below), comprising Fulham Town Centre and the Earl's Court and West Kensington Opportunity Area (ECWK-OA). The Site is around 225 metres from Fulham Town Centre boundary (Major Centre); for the purposes of office floorspace, the Site is edge of centre. The LBHF Local Plan (2018) emphasises the substantial opportunity for regeneration within the Fulham Regeneration Area (FRA) and for the development of strategic sites to benefit the wider community.

4.44 Strategic Policy FRA states that development proposals should contribute to the provision of 7,000 homes and 9,000 jobs, with 6,500 homes and 8,500 jobs accommodated in LBHF within the Earl's Court and West Kensington Opportunity Area; plus a further 500 homes and 500 jobs across the wider FRA area. Strategic Policy FRA also seeks to secure economic benefits for the wider community around the FRA to enable local people to access new job opportunities.

Fig.4.4: Fulham Regeneration Area

4.45 LBHF Strategic Site Policy FRA1, 'Earl's Court and West Kensington Opportunity Area', supports a mix of land uses including employment, and reiterates the capacity to deliver 8,500 new jobs within Hammersmith and Fulham in the ECWK OA. Paragraph 8.85 adds that the quantity of office floorspace will need careful assessment in relation to the role of Hammersmith Town Centre as a preferred office location and the proposals for the Old Oak and White City Opportunity Areas. We return to this point later when considering impact.

4.46 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 strengths in the borough in creative industries, health services, bio-medical and other research based industries, such as those at Imperial College in Shepherd's Bush.

4.47 Policy E1 adds that the council will also support the retention, enhancement, and intensification of existing employment uses, requiring flexible and affordable space suitable for small and medium enterprises in large new business developments. When considering new employment floorspace or the extension of existing floorspace the council will also 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.

4.48 Furthermore, the policy advises that the borough's three town centres and the White City and Earl's Court and West Kensington Opportunity Areas will be the preferred locations for new office development above 2,500m2. Proposals outside of these areas for large new office development (above 2,500m2) will generally be discouraged unless it can be demonstrated that provision cannot be provided within the town centres or the White City and Earl's Court and West Kensington Opportunity Areas.

Other Material Considerations

RBKC Live, Work and Learn: Our Plan for a Successful Local Economy (2023)

4.49 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 i) where all residents can access opportunities, ii) where businesses thrive and prosper, iii) that supports good growth to sustain a vibrant local economy.

LBHF Upstream London – Accelerating Inclusive Growth (2024)

4.50 'Upstream London' is the strategy to achieve high economic growth across the Borough and beyond. LBHF aim to transform the Borough into a global beacon of innovation and growth; and as the Borough is upstream of central London and the City, the aim is for Hammersmith and Fulham to be a place where innovation upstream of current thinking becomes a reality. The document confirms that LBHF has already seen growth in the jobs and careers of the future in life sciences, climate tech, cyber security, AI, fintech, the creative industries, digital, defence tech, TV and film and a number of other sectors, and seeks to build on this moving forwards.

4.51 The aim is to achieve further growth through growth partnerships, the development of pathways to ensure jobs to benefit borough residents, and an adaptive planning approach to enable development and economic growth for the benefit of everyone. Upstream London is is clearly aligned and reflected in the Applicant's Illustrative Masterplan.

Summary

- The policy framework is highly supportive of the application proposals. The London Plan encourages the delivery of new, flexible office floorspace to meet the different space requirements of a diverse market across London, thus meeting the demand for between 4.7 and 6.1 million sq ft of office floorspace over the period 2016-2041. The London Plan emphasises that the planning process should not compromise potential growth.
- The London Plan states that London's global leadership in tech across all sectors should be maximised; that innovation and the evolution of London's diverse sectors should be supported; and that new clusters should be promoted and developed where opportunities exist.
- The Site is located within the Earls Court and West Kensington Opportunity Area – London's key strategic locations that have the potential for large-scale development, including new jobs, homes and infrastructure. The RBKC Local Plan allocates the Site for a mix of uses to include a minimum of 20,000 sq m of offices; and the LBHF Local Plan allocates the Site to deliver 8,500 new jobs.
- The London Plan states that priorities for development should be Opportunity Areas, brownfield land, surplus public sector land, sites which are well-connected by existing or planned Tube and rail stations, sites within and on the edge of town centres, and small sites.
- The RBKC Local Plan forecasts a need for an additional 60,500 sq m net of office floorspace, and directs new large-scale offices to town centres, edge of centre sites, other accessible areas (PTAL 6a), Opportunity Areas or within an Employment Zone. Paragraph 8.12 adds that the Council will require the provision of business uses within the Earl's Court and West Kensington Opportunity Area, contributing to the sense of place.
- The LBHF Local Plan advises that the borough's three town centres and the White City and Earl's Court and West Kensington Opportunity Areas will be the preferred locations for new office development above 2,500 sq m. Supporting text adds that the quantity of office floorspace will need careful assessment in relation to the role of Hammersmith Town Centre as an office location.
- The Site is edge-of-centre but is supported and allocated in the Development Plan for office uses and a strategic scale of new jobs. The proposed office floorspace is in accordance with the development plan, and it is concluded that a sequential site and impact assessment are not requirements of the planning applications.
- The NPPF states that significant weight should be placed on the need to support economic growth and productivity, recognising the specific locational requirements of different sectors in suitably accessible locations.

5. Office Market

5.1 The Knight Frank/JLL Commercial Strategy (July 2024) has been submitted in support of the Earls Court Planning Applications. Providing real estate intelligence, research and insight, the report presents the current health of the commercial office property market in the West London sub-region, with a particular focus on market trends, supply and demand. The outputs from the Commercial Strategy demonstrate the case of the proposed office floorspace and provide an important input into the assessment of impact set out in this report. We set out the key findings and points of relevance in this Section, which are drawn directly from the Commercial Strategy.

Market Overview/Trends

5.2 The Covid-19 pandemic accelerated a number of workplace trends that had been evident for some time, with today's occupiers being increasingly footloose with very different space requirements. JLL emphasise that the drive towards flexibility, health, well-being, nearby amenities, outdoor public realm and the trend towards sustainability, have all been brought to the fore by the pandemic and will remain future considerations in any location decision. The geographic spread of the London office market has consequently widened significantly.

5.3 Overall, office stock is declining across Central London, reflecting permitted development rights and higher returns on alternative uses in a post-Covid environment. LBHF is identified as a larger office market (726,000 sq m NIA), but one that has contracted by 7.5% since peaking in 2019[5]. In RBKC, 91,000 sq m of office has been lost to alternative uses across the borough since peaking in 2010 – an overall decrease of 18% (currently recorded at 406,000 sq m NIA).

5.4 Within the overall trend of decline, the Commercial Strategy identifies considerable disparity across the London sub-markets. Over the last 10 years, for example, RBKC and LBHF have seen their stock decrease by 14% and 3% respectively, whilst the London Boroughs of Hackney and Newham have seen growth of 33% and 58%.

5.5 Noting also the lower levels of office floorspace in the west compared to other sub-markets, the analysis recognises that the disequilibrium will be further exaggerated by developments underway in both Canada Water and Brent Cross in the east and north – both major strategic regeneration opportunities. The Earls Court Development is identified as a key strategic opportunity to redress the imbalance.

5.6 In general, the office stock in LBHF and RBKC is characterised by an ageing stock, with relatively small floorplates. Given the trend for 'flight to quality' and the downward trend of new office floorspace delivery, the opportunity in Hammersmith Town Centre is one of recycling and refurbishment. Due to the size and specification of much of the existing town centre floorspace, it will be unviable to refurbish into spaces that today's occupiers require. Chiswick Park and White City have delivered successful quality new office space in LBHF, but both are now reaching the end of their delivery cycle.

[5] Fulham is excluded from the submarket analysed due to the relatively limited size of the office market (Source: para.5.11, Commercial Strategy)

5.7 The next significant opportunity for the delivery of quality new office space in West London is Earls Court, representing an opportunity for West London to underpin its relevance as a location for business in comparison to other parts of the city.

Leasing Trends

5.8 Leasing activity has had a tumultuous period in the context of Covid-19 and post pent-up demand, followed by a weak economy and business outlook throughout 2023. Nevertheless, demand for offices continues to be robust and is forecast to grow beyond long-term historic averages from 2024 onwards. Many large corporates are prepared to commit well in advance of existing lease expiry, and there is increasing evidence that occupiers are expanding rather than contracting.

5.9 Demand for space in West London is evident. Leasing activity in RBKC has increased since 2021, reflected in new developments/refurbishments such as The Kensington Building, Lancer Square and Hoopers Court all attracting new tenants into modern, well-connected space. In LBHF, the strongest leasing activity took place in 2017-19, focused on the new development in White City, with transactions more recently subdued due to a more limited supply of viable, modern space.

5.10 Quality is key, with Knight Frank data highlighting that two-thirds of all Central London take up was for new or refurbished space; the 'Flight to Quality' is driving leasing activity. The evidence in LBHF and RBKC demonstrates that good quality office space has successfully let, with periods of more subdued leasing activity evident once this supply of modern 'in demand' office space is no longer available. Poor quality or poorly located office stock that exists has struggled to attract occupiers.

5.11 Paragraph 4.21 of the RBKC ELR (2021) compares the age of RBKC's stock to the rest of London and the rest of the country. It can be seen in the ELR extract tables below that RBKC has a high percentage of pre-1940 office stock than London and England and Wales. It also has a lower percentage of stock built post-1991. The ELR identifies that RBKC has a more traditional office and boutique office stock which undergoes renovation intermittently, rather than the introduction of large-scale modern floorplates.

5.12 LBHF and RBKC benefit from strong connectivity and accessibility and a strong socio-economic profile, indicating the future potential to become an increasingly successful employment location – particularly as the office and work-life balance is driving business and personal choices. To ensure, at minimum, an expected leasing performance relative to the size of the submarket, improvements to the quality of space will be required to ensure occupiers view LBHF and RBKC as a suitable office location.

Demand

5.13 The Commercial Strategy provides an in-depth analysis of demand, concluding that conservative projections of future employment growth demonstrate strong demand for office space in LBHF and RBKC. Alongside this trend, there is a high level of structural demand with leases expiring over the next 10 years and a limited development pipeline to accommodate this demand.

5.14 Future demand prospects for the office sector are 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. The Information & Communication category includes emerging growth sectors such as Life Sciences, Fin Tech, Med Tech, and Climate Tech.

5.15 These sub-sectors are also anticipated to generate substantial employment opportunities, with forecasts of an additional 18,800 new jobs by 2038. 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.

5.16 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 expanding sectors. Space requirements will be different to traditional office occupants and office accommodation must be tailored accordingly to benefit from these growth industries.

5.17 Exploring active demand data, the analysis highlights that the amount of space actively required by occupiers over the next 12 months is substantially above the 10-year average. This increase is recorded as being reflective of occupiers' mobility due to leasing events, expansion in high-growth sectors, and responses to growing obsolescence. The growing trend to being more footloose and mobile 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.

5.18 These are positive demand trends that the Earls Court development can look to capitalise on. 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. The newly developed campus can integrate sustainability and social/wellbeing practices more effectively than singular development plots or refurbishment opportunities.

5.19 Looking specifically at office-based employment forecasts, Oxford Economics predicts a net addition of 8,800 jobs by 2028, 14,200 jobs by 2033 and a total additional 18,650 jobs by 2040 across the two boroughs, generating an increased demand for office space estimated at 186,500 sq m under current density assumptions. These forecasts track historic trends and do not consider the impact of any future development or infrastructure improvement at the local authority level.

5.20 In the more likely scenario, which factors in improvements to the local built environment, an extra 10% increase in employment growth, and the uplift due to the effect of developing a previously underutilised site, and a higher average density per worker of 20%, all work to increasing office floorspace demand to 237,974 sq m across the two boroughs. Furthermore, the extra 10% uplift in jobs growth is considered to be highly conservative when compared to developments at King’s Cross and Southbank; the King’s Cross development, for example, experienced almost a 240% increase in jobs.

Future Supply

5.21 The Commercial Strategy concludes that London's office market faces a pivotal period as rising office-based employment continues to drive demand for Grade A space against a backdrop of constrained supply. Occupiers with forthcoming lease events will need to plan further ahead and act decisively to secure space in core submarkets where options are diminishing rapidly. The widening gap between structural demand and development completions suggests rental growth is likely to persist. For investors, this environment underscores the long-term resilience of London as a global safe haven.

5.22 It is highlighted that future development is unlikely to come through at the necessary scale to meet demand in LBHF/RBKC, but that the Earls Court Development can address the shortfall in quality and quantity of supply to transform the area. Assessing future supply against the demand scenarios, the Commercial Strategy concludes that there will be a shortfall in all scenarios across LBHF and RBKC, and that there is capacity for the Proposed Development to deliver Grade A office space to meet this supply gap, transforming the office market at Earls Court into a world class destination.

5.23 The delivery of newly developed space is expected to peak over the next two years through to 2026, focused on completion of The Hub White City (2024), the Refinery ARC (2024), Olympia (2025) and 43 Brook Green (2026).

5.24 The aggregate development pipeline beyond 2026 suggests that whilst there are opportunities for a good level of supply to be delivered across both LBHF and RBKC, much of the pipeline is unlikely to commence due to multiple barriers to starting. Knight Frank and JLL's research has shown the construction market is challenged by the high cost of commercial development and raising attractively priced and committed financing for a development.

5.25 The recent increase in new and refurbished space since 2021 is being absorbed and supply of good quality space is contracting alongside the continued rise in the availability of second-hand inferior space. 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. Inward investment and the future supply of new office floorspace across the boroughs is concluded to be limited over the next 15 years, severely restricting opportunity to respond quickly to current trends in the office market.

5.26 The delivery of the proposed office floorspace at Earls Court will have a substantial positive spillover effect on existing local office accommodation as smaller companies will seek to cluster around the arrival of new tenants. The demand for space will extend beyond the Site's boundary, a trend very visible in locations such as King's Cross where the surrounding area – beyond the Argent King's Cross Estate – 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.

Earls Court, Market Interest/Demand

5.27 One target sector is Climate Tech or Clean Tech, referring to businesses that use technology to lessen environmental harm and enhance the quality of polluted natural resources. Originating in the 1990's, it has grown into a multibillion-pound sector with as much as 70% of venture capital investment in the built environment now flowing into Climate Tech, a sharp rise from just 20% five years ago. The UK is viewed as a global leader in Clean Tech, and in 2023, the UK's net-zero economy grew by 9%, generating £74 billion of gross value add from over 23,000 businesses. PwC record that green roles are expanding four times faster than the overall UK job market.

5.28 Earls Court's location and scale – as set out in earlier sections – are essential factors in its positioning to deliver workspace at scale that attracts such innovative businesses from fast growing and value-adding sectors. Location, scale and single ownership status will ensure that the vision for a unique innovation hub of global recognition will be delivered. A workspace ecosystem showcasing climate and clean innovation and skills will support start-ups, scale ups and multinationals designed to foster collaboration and innovation. The diverse mix of building typologies will attract occupiers from across the spectrum, from climate tech, other innovative subsectors and more traditional occupiers.

5.29 Establishing a point of differentiation to other London innovation hubs, the Earls Court development will establish the unique strategic position (USP) targeting emerging sectors. The rare opportunity to deliver at this scale will complement existing floorspace and reinforce the wider network of growing innovation hubs in and around West London, including White City, Imperial College London, UCL and other leading universities and educational institutions such as Oxford and Bristol. The Proposed Development will build an ecosystem that interacts with some of the world's leading innovation and research institutions.

5.30 The Earls Court development will seek to leverage these relationships to enhance the infrastructure and educational partnerships, serving as a significant draw for other high-growth companies considering relocation. 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.

5.31 London stands as a major European Clean Tech hub, and the second largest global hub for Climate Tech investment, trailing only Stockholm. Momentum is expected to continue as the climate crisis captures societal attention and governments and businesses are tackling its mitigation. The UK does not, however, have a physical 'home' for this burgeoning ecosystem – a gap that will be filled by the Earls Court Proposed Development delivering a collaborative, high-growth environment. The focus will also be on sectors with strong growth potential, including FinTech, MedTech, Cyber Security, and AI. The Life Sciences sector is also targeted due to its size and growth potential, while educational institutions will continue to enrich the talent pool and drive further innovation.

Summary

- The trend towards footloose companies searching beyond traditional office locations is accelerating, broadening the geographic spread of the London office market. Total office stock across Central London, including LBHF and RBKC, is declining and floorspace in the borough's town centres is characterised by ageing stock and smaller floorplates; limited town centre opportunity is predominantly focused on refurbishment. Earls Court is the next significant strategic opportunity for West London, a rare and unique opportunity to capture current and future trends and to underpin its relevance as a location for business.

- The demand for offices continues to be robust and is forecast to grow beyond long-term historic averages from 2024 onwards. In West London, buoyant leasing activity is linked to new development and refurbishments, with transactions more recently subdued due to a more limited supply of modern, viable space. 'Flight to Quality' is driving lease activity, reflected in good quality office space across the two boroughs being swiftly let. New space will be required to ensure occupiers view LBHF and RBKC as a suitable office location, redressing the current imbalance with other London sub-markets.
- Conservative projections of future employment growth demonstrate strong demand for office space, with active search over the next 12 months being substantially above the 10-year average. This reflects occupier mobility, lease expiration, expansion in high-growth sectors, and responses to growing obsolescence. The Information and Communication category is a strong growth sector which will require adjustments in office supply adapting to the unique space requirements of these industries.
- Newly developed space in LBHF and RBKC is expected to peak over the next two years and future office development is unlikely to come through at the necessary scale to meet identified demand. Much of the supply pipeline is unlikely to commence due to multiple barriers to starting, and the supply of good quality space is contracting alongside the continued rise in the availability of second-hand inferior space. These trends will deter future leasing activity in LBHF and RBKC as occupiers seek superior space in other locations across London. Earls Court can address this shortfall, whilst also having a substantial positive spillover effect across both boroughs.
- The demand for space from the Climate Tech sector is growing, representing one of the fastest growth sectors in the UK. Earls Court is a rare and unique opportunity to deliver a UK 'home' for the sector and an innovation hub of global recognition, attracting and interacting with some of the world's leading innovation and research institutions. Momentum in the Climate Tech, Life Sciences, Fin Tech andMed Tech sector is forecast to continue, and if Earls Court does not capture this opportunity, the opportunity will be met elsewhere.

6. Town Centres

6.1 In this section, we set out an assessment of town centres in LBHF and RBKC, focusing on those that form part of the office sub-markets in this area. The analysis provides an in-depth understanding of the role and function of each town centre, including the scale and supply of office floorspace. Outputs are key to exploring the impact of the proposed office floorspace on the vitality and viability of the boroughs town centres.

6.2 In undertaking our analysis of town centres, we have principally drawn on the aspirations and vision set out in the Local Plans and London Plan, the evidence base studies informing the preparation of each respective Local Plan – including retail/town centres and employment – and relevant desktop research.

Context

6.3 Annex 1 of the London Plan identifies a network of town centres (Policy SD8). The definitions of International, Metropolitan, Major and District Centre within the London town centre hierarchy are as follows:

- **International Centres** – London's globally-renowned retail and leisure destinations, providing a broad range of high-order comparison and specialist shopping, integrated into environments of the highest architectural quality and interspersed with internationally-recognised leisure, culture, heritage and tourism destinations. These centres have excellent levels of public transport accessibility.
- **Metropolitan Centres** – serve wide catchments which can extend over several boroughs and into parts of the Wider South-East. Typically, they contain at least 100,000 sqm of retail, leisure and service floorspace with a significant proportion of high-order comparison goods relative to convenience goods. These centres generally have very good accessibility and significant employment, service and leisure functions. Many have important clusters of civic, public and historic buildings.
- **Major Centres** – typically found in inner and some parts of outer London with a borough-wide catchment. They generally contain over 50,000 sqm of retail, leisure and service floorspace with a relatively high proportion of comparison goods relative to convenience goods. They may also have significant employment, leisure, service and civic functions.
- **District Centres** – distributed more widely than Metropolitan and Major centres, providing convenience goods and services, and social infrastructure for more local communities and accessible by public transport, walking and cycling. Typically, they contain 5,000–50,000 sqm of retail, leisure and service floorspace. Some District centres have developed specialist shopping functions.

6.4 Our assessment of office impact focuses on the higher order Metropolitan and Major town centres within LBHF and RBKC; these are identified as potentially having a significant employment role. In LBHF this includes Shepherds Bush Metropolitan Centre and Hammersmith Major Centre; and in RBKC this includes Knightsbridge International Centre, Kensington High Street Major Centre, and King's Road (East) Major Centre. Outside of the town centre network, we also comment on the three protected Employment Zones in RBKC.

Knightsbridge International Centre

6.5 Knightsbridge is one of two International Centres in the London, and straddles the boundary with the City of Westminster.

6.6 The London Plan identifies Knightsbridge being within the Central Activity Zone (CAZ) office guidelines area, within which Policy SD5 confirms that offices are to be given greater weight relative to new residential development. The London Plan records Knightsbridge International Centre as having high commercial growth potential, i.e. town centres likely to experience strategically significant levels of growth with strong demand and/or large-scale retail, leisure or office development in the pipeline and with existing or potential public transport capacity to accommodate it (typically PTAL 5-6).

6.7 Nevertheless, the London Plan definition of an International Centre does not focus on offices/employment, instead supporting shopping, leisure, culture, heritage and tourism. Consistent with this definition, the Local Plan vision for Knightsbridge does not aspire to strategic employment growth. The Local Plan vision states that by 2028, Knightsbridge will have maintained its role as one of London's most exclusive national and international shopping destinations, drawing visitors from across the world. It will also continue its role as an important residential quarter and a service centre for residents in both Kensington and Chelsea and Westminster.

6.8 The town centre does not fall within an Employment Zone and there are no site allocations within the town centre boundary supporting new/additional office floorspace. RBKC's Employment Lane Review (ELR) (2021), informing the new Local Plan (2024), identifies that 'Knightsbridge and South Kensington' sub-market has the greatest number of offices (634) (Table 4.3, ELR) in RBKC, but these are spread across the town centre and are small in scale. In the London context the total office supply here is recognised as being relatively small (para.2.16), and – individually – most office spaces are under 100 sq m or 100-1,500 sq m.

6.9 Subject to wider development plan policies, the introduction of offices in a town centre will generally be supported, but large-scale opportunities in Knightsbridge are restricted by the built environment. The limited redevelopment of space within the urban grain is proven to let well, a recent example being One Hooper's Court, a mixed use residential, office (c.6,200 sq m) and retail development fronting Brompton Road, located within the core shopping area and benefitting from excellent levels of accessibility. There is little opportunity to help meet the identified need for additional office space in the new Local Plan.

Kensington High Street

6.10 Kensington High Street is defined as a Major Centre in the London Plan. It is the borough's largest town centre office location with 20% of the borough's office floorspace.

6.11 The Local Plan vision for Kensington High Street states that the High Street will capitalise upon its traditional role as the civic heart of the Royal Borough, with new development improving and enhancing the area's range of shops and uses that provide a rich eclectic mix of attractions with office and residential space at upper levels. Cultural destinations will be supported and enhanced, and the evening economy will be supported.

6.12 The London Plan records the town centre as having only medium commercial growth potential, i.e. moderate levels of demand for retail, leisure or office floorspace; and mixed-use office potential, i.e. having the capacity, demand and viability to accommodate new office development, generally as part of mixed-use developments including residential use.

6.13 The town centre does not fall within, or overlap with, an Employment Zone and there are no site allocations within the town centre boundary supporting new/additional office floorspace. RBKC's Employment Land Review (ELR) (2021) identifies that the 'Kensington' sub-market has the second largest number of offices but the highest level of floorspace driven by the provision of five larger floorplate buildings. In the wider London context, the total office supply in this sub-market is recognised as being relatively small.

6.14 Section 7 of the Council's Retail and Town Centre Study (2021) identifies multiple redevelopments fronting Kensington High Street demonstrating the strength of investment in this highly accessible area. Redevelopments generally include ground floor retail with upper levels incorporating leisure, residential and/or offices, including, for example, 263 Kensington High Street (Former Post Office Sorting Office), The Kensington Building, and Lancer Square. The investments, spread out across the town centre, have contributed well to overall vitality and viability through the mix of uses.

6.15 Kensington High Street performs well as a mixed-use town centre with investment contributing to the range of uses including ad hoc modern office floorplates. Whilst redevelopment opportunities in the town centre contribute to the supply of quality new office floorspace, the contribution is small compared to the level of need arising. This is particularly the case when considering the continued loss of office stock across the borough and the absence of any strategic sites in the town centre to deliver a greater quantum of office floorspace.

6.16 Office investment in Kensington High Street town centre has been positive, but not sufficiently of scale to counter the overall decline in office stock nor to meet the identified need for office floorspace based on levels of demand presented.

King's Road (East)

6.17 King's Road (East) is defined as a Major Centre in the Local Plan and London Plan. Office development in the town centre does not form a central part of the planned town centre strategy moving forwards – particularly not at the strategic level. The vision for Sloane Square/King's Road in 2028 is for the rich iconic brand and history to have been consolidated to ensure it remains one of London's most vibrant shopping streets, containing a lively and diverse mix of shops, restaurants, and world-class cultural attractions.

6.18 The Local Plan seeks for King's Road to continue to be a place where one can shop in both independent boutiques and chain stores; a place to enjoy, to promenade, a place which meets the day-to-day needs of local people; and a place to experience some of the best theatre, concert, museum and gallery events that London has to offer.

6.19 The London Plan records King's Road as having a medium commercial growth potential, i.e. moderate levels of demand for retail, leisure or office floorspace; and mixed-use office potential, i.e. having the capacity, demand and viability to accommodate new office development, generally as part of mixed-use developments including residential use.

6.20 The town centre does not fall within, or overlap with an Employment Zone but does have one Strategic Site for redevelopment on the town centre boundary – the Chelsea Farmer's Market (CA9); allocated for housing delivery with ground floor retail.

6.21 The ELR (2021) records that the King's Road sub-market has the third highest level of office floorspace (65,683 sq m) after Knightsbridge/South Kensington (77,749 sq m) and Kensington (116,916 sq m). Occupier space largely comprises smaller units of less than 500 sq m, with just 22 between 500 and 1,500 sq m, and none above 5,000 sq m.

6.22 In 2021, the ELR recorded no scheme under construction, no scheme for sale, and a very low vacancy rate of just 3.5%. Given the short supply, the ELR forecasts rents to rise from 2022 onwards, and concludes that 'none of the indicators show that offices in the area are anything other than viable'. Unlike Kensington High Street, redevelopment and investment is less evident; the development plan does not aspire to a strategic scale of new office development on King's Road, reflected in the stated vision for the centre and the absence of any site allocations. King's Road will contribute little to meeting the identified need for additional office floorspace over the plan period.

RBKC – Protected Employment Areas

6.23 Outside of the defined town centre network, RBKC has three protected Employment Zones – Kensal, Freston/Latimer and Lots Road. They each comprise low density commercial and light industrial units and are described as being relatively small in size; the Local Plan recognises they make an important contribution to the diversity of job opportunities and stock of business premises in the borough. Whilst protecting and improving these commercial spaces, the Local Plan encourages some diversification and intensification, including residential retail uses.

6.24 Policies PLV5, PLV6 and PLV7 allocate the three Employment Zones predominantly for small and medium sized businesses, including the creative and cultural industries. Rather than a focus on large-scale traditional office space, these locations are niche in character with policy encouraging a broad focus on art, architecture, antiques and interior design, and seeking a variety of office, studio, production, rehearsal, workshop and maker space.

6.25 The RBKC ELR demonstrates the number of office units and level of office floorspace with each Employment Zone are lower than each of the three main town centre sub-markets (Tables 4.3 and 4.4 ELR extracts below). Kensal Road and Lots Road are characterised by a greater number of small units, with 80-90% of the total being less than 100 sq m. This equates overall to a lower total floorspace. Latimer Road has a marginally higher number of larger units with seven being 1,500-5,000 sq m and one being over 5,000 sq m.

6.26 Emerging from the Covid-19 pandemic, vacancy rates across the Employment Zones were higher, rents were falling, and no new floorspace was under construction. However, investment yields have remained low, and the ELR forecasts an upward trajectory from 2022 with occupancy increasing to 90% by 2025. All three Employment Zones are concluded to be viable locations for employment floorspace. The Employment Zones are important contributors to employment space in RBKC but form a specific, low-density and niche format and offer. They are complementary to the more traditional office floorplates across the borough and with a focus on small-scale creative arts, design, community and maker-space – largely for local entrepreneurs.

Table 4.3 **Number of Office Hereditaments by Size Band by Employment Zone/Sub-Market Area**

Size Band (sqm)	Latimer Road Employment Zone	Kensal Road Employment Zone	Lots Road Employment Zone	Kensington Sub-market	Kings Road Sub-market	Knightsbridge and South Kensington Sub-market
<100	41	196	172	434	125	456
100-500	64	27	47	74	113	149
500-1500	20	4	1	20	22	23
1500-5000	7	2	1	7	9	6
5000+	1	0	0	5	0	0
Total	133	229	221	540	269	634

Source: VOA, Iceni Analysis

Table 4.4 **Amount of Office Floorspace (sqm) by Size Band by Sub-Market Area**

Size Band (sqm)	Latimer Road Employment Zone	Kensal Road Employment Zone	Lots Road Employment Zone	Kensington Sub-market	Kings Road Sub-market	Knightsbridge and South Kensington Sub-market
<100	2,429	7,693	6,864	8,907	5,509	17,163
100-500	13,503	4,856	8,109	17,385	22,833	32,633
500-1500	17,163	3,286	533	15,303	17,452	16,495
1500-5000	15,307	4,059	1,705	14,210	19,889	11,459
5000+	5,589	0	0	61,110	0	0
Total	53,990	19,894	17,210	116,916	65,683	77,749
%	9%	3%	3%	20%	11%	13%

Source: VOA, Iceni Analys

Shepherds Bush Metropolitan Centre

6.27 Shepherds Bush is defined as a Metropolitan Centre in the Local Plan and London Plan. The London Plan allocates the Metropolitan Centre as a strategic growth area, recording it as having a 'high' commercial growth potential, i.e. town centres likely to experience strategically significant levels of growth with strong demand and/or large-scale retail, leisure or office development in the pipeline and with existing or potential public transport capacity to accommodate it (typically PTAL 5-6).

6.28 Shepherds Bush is allocated as having an 'office guideline' of A/B, i.e. having the capacity, demand and viability to accommodate new speculative office development and also mixed-use office potential to include residential uses. Shepherds Bush also falls within a Strategic Area for Regeneration, i.e. those parts of London where the impacts of inequality and causes of deprivation are particularly concentrated. Based on the Index of Multiple Deprivation (IMD), many of the city's neighbourhoods lie within the 20 per cent most deprived areas in England.

6.29 Following the opening of Westfield Shopping Centre in October 2008, the Local Plan 2018 allocated the wider White City Opportunity Area within the intention to capture the regenerative benefits of Westfield in the original town centre. The focus at that time was very much on the expansion of retail and leisure uses, based on substantial levels of forecast retail need; circumstances and national trends have, however, evolved with the focus moving away from retail expansion to diversification to include residential and office floorspace and a wider mix of town centre uses.

6.30 Two key Strategic Sites lie to the north of the town centre, overlapping with the town centre boundary and adjoining the Primary Shopping Area. WCRA1 'White City East' is identified for a mixed-use urban quarter to include a mix of housing, employment, creative and academic based industries, community uses, a major research and academic hub, leisure facilities as well as small-scale retail. WCRA2 'White City West' commits the Council to estate renewal and the creation of a sustainable community through the provision of new housing and appropriate social and environmental infrastructure.

6.31 Shepherds Bush Town Centre and the two Strategic Sites (WCRA1 and WCRA2) comprise The White City Regeneration Area. This covers the same area as the London Plan White City Opportunity Area, which support 6,000 new homes and 10,000 new jobs.

6.32 The implementation of Strategic Site WCRA1 has been largely completed, delivering a highly successful collaboration between Imperial College University, business and local government. Combined, the Innovation District laid the foundations for a mutually inclusive ecosystem, where academics at the new White City Imperial College Campus work alongside business developing research into new ventures. The partnership working is key to driving employment and office occupiers in this area. The Commercial Strategy highlights the success of White City as a world class innovation hub, securing major lettings to household names such as L'Oréal, Publicis, ITV, PVA, White Company, Yoox, Net-A-Porter, and Gravity Media.

6.33 The ecosystem, underpinned by Imperial College is unique and aspirational, incorporating Westfield Shopping Centre/Shepherds Bush Town Centre, Television Centre, Imperial College White City Campus, and business/innovation/retail space at White City Place. This location has now become a recognised, 'corporately accepted' destination for businesses and – leading at a global scale – there is huge potential to extend the ecosystem to Earls Court. Occupier interest in the limited remaining floorspace at White City is currently centred on existing tenants who are looking to expand across the Site, i.e. the process of upscaling. This demonstrates the vision for Earls Court, i.e. smaller occupiers taking space within the scheme and growing organically into larger spaces on the Site.

Hammersmith Major Centre

6.34 Hammersmith town centre is defined as a Major Centre in the Local Plan and London Plan. The London Plan allocates the Major Centre as having only a medium commercial growth potential, i.e. only moderate levels of demand for retail, leisure or office floorspace; and an 'office guideline' of A, i.e. having the capacity, demand and viability to accommodate new speculative office development.

6.35 Hammersmith also falls within a Strategic Area for Regeneration, i.e. those parts of London where the impacts of inequality and causes of deprivation are particularly concentrated. Based on the Index of Multiple Deprivation (IMD), many of the city's neighbourhoods lie within the 20 per cent most deprived areas in England.

6.36 The Local Plan supports the continued role as a Major Centre and development that improves the vitality and viability of the centre and strengthens its role as a centre for offices, local government, and for arts, culture, leisure and services as well as shopping (Hammersmith Regeneration Area, Strategic Policy HRA).

6.37 The town centre is one of west London's most important commercial centres as well as the primary retail destination for many of the borough's residents. Hammersmith Town Centre provides a diverse array of office accommodation, from small-scale standard space (predominantly located above retail) through to newly developed Grade A space including, for example, Hammersmith Grove and 245 Hammersmith Road.

6.38 The LBHF Employment Land Review (ELR 2016) highlights that Hammersmith Town Centre is the most significant office market in the borough in terms of supply. 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) and public transport routes into Central London.

6.39 Hammersmith office space has traditionally traded at significant rental discount compared to comparable space in Central London. Hammersmith will likely continue to be attractive as an office and employment location given the supply of refurbished space, the excellent levels of accessibility and good value rental levels. These attributes will remain even with significant delivery of space at the Earls Court Development.

6.40 Strategic Site Allocation Policy HRA2 covers a large part of the town centre following the route A4 Hammersmith Flyover. Working with Transport for London, the Council is seeking to replace the Hammersmith Flyover and sections of the A4 with a tunnel, thereby releasing land for development that will contribute to the social, environmental and economic regeneration of Hammersmith Town Centre. The scheme will release substantial land for a range of uses including housing, employment, hotels, retail and arts, cultural and leisure facilities.

6.41 The Commercial Strategy emphasises that the role of Earls Court and the Proposed Development is separate to the role of Hammersmith as an office location. Hammersmith town centre maybe experiencing a challenging market, but this will be the case with or without the Proposed Development. The delivery of Earls Court will instead benefit the borough, helping to retain occupiers and jobs. This has been evidenced by L'Oréal's move from Hammersmith to White City; a business that was leaving Hammersmith but chose to stay based on the provision of quality space at White City.

7. Assessment of Impact

7.1 Paragraph 94 of the NPPF advises that impact assessments should only be required for retail and leisure development outside town centres and makes no reference to office floorspace. Paragraph 14 of the PPG confirms that the impact test relates only to retail and leisure developments. The NPPF and PPG confirms that an impact test is not required for the proposed office floorspace.

7.2 The 'checklist for applying the [retail/leisure] impact test' is set out in paragraph 18 of the PPG and re-affirms the impact test being specific to retail and leisure development through the analysis of issues including 'trade diversion', the 'nature of current shopping patterns', 'expenditure growth in convenience and comparison goods', 'assessing turnover and trade draw' and 'mature trading patterns'. These issues are industry standard when assessing retail and leisure development and have no relation or relevance to proposed office development. The proposed office floorspace does not trigger the requirement for an assessment of impact.

7.3 Going beyond the advice set out in the NPPF, Policy SD7 of the London Plan ('Town Centres') (March 2021) requires an impact assessment on proposals for new, or extensions to existing edge or out-of-centre development for retail, leisure and office uses that are not in accordance with the Development Plan. The policy confirms that only applications that are likely to have a significant adverse impact should be refused.

7.4 Earlier sections of this report have, however, already demonstrated that an office impact assessment is not a requirement of the Earls Court planning applications on the basis that the proposed office floorspace is in accordance with the Development Plan. The Site is located within the Earls Court and West Kensington Opportunity Area (ECWK OA); the RBKC Local Plan allocates the Site for a mix of uses to include a minimum of 20,000 sq m of offices; and the LBHF Local Plan allocates the Site to deliver a strategic scale of 8,500 new jobs.

7.5 The London Plan and Local Plans emphasise that Opportunity Areas, edge-of-centre sites and accessible/well-connected sites are the preferred and priority locations for office development, alongside town centres. The Site is within a preferred and priority location for new office development. The proposed office floorspace is in accordance with the development plan, and it is concluded that an impact assessment is not a requirement of the planning application.

7.6 Despite such a high level of conformity with the Development Plan, and to demonstrate that the proposed office floorspace will only lead to positive outcomes for the Site, local area, and network of town centres, we present an assessment of impact in this section.

Policy Response

7.7 The detailed analysis in this and previous sections emphasise that the proposals for flexible office floorspace – to meet the needs of clearly defined growth sectors – will not have a significant adverse impact on the network of town centres. In considering the potential 'significant adverse impact' of the proposals, and based on the analysis in previous sections, we draw the following conclusions:

- The proposals will not have a negative impact on the objectives of the NPPF. Indeed, the Earls Court proposals will create the conditions in which businesses can invest, expand and adapt. The investment will respond directly to local business needs and support economic growth and productivity. Consistent with the objectives of the NPPF, the proposals will improve the economic, social and environmental conditions of the area. (Ref: NPPF, para's 8, 38 and 85). The office floorspace proposals are consistent with, and will support, the objectives of the NPPF.

- The proposed office floorspace is in accordance with the Development Plan. The Site is located within the Earls Court and West Kensington Opportunity Area (ECWK OA); the RBKC Local Plan allocates the Site for a mix of uses to include a minimum of 20,000 sq m of offices; and the LBHF Local Plan allocates the Site to deliver a strategic scale of 8,500 new jobs. Opportunity Areas, edge-of-centre sites and accessible/well-connected sites are amongst the preferred and priority locations for office development. The proposed office floorspace will contribute to the policy vision for the Site.
- The proposals support the aspirations and objectives of the London Plan by diversifying the office market and improving the supply of quality, flexible, adaptable and affordable office space of different sizes. The proposals have been curated in response to the restructuring of the office market and respond positively to the London Plan requirement to deliver a range of business space including lower cost and affordable workspace. The proposals will positively support the London Plan aspiration to extend diverse office markets across London.
- In accordance with the London Plan, the proposed office floorspace will promote employment opportunities for Londoners, contributing to the diverse range of sectors. The proposals will support known growth sectors, maximise London's global leadership in tech, develop a new cluster for innovation and support collaboration between business, higher education providers and other relevant organisations.
- The proposed office floorspace responds positively to current commercial office market trends, delivering a unique home for a growing ecosystem of tech and science hubs located in West London and beyond. The unique floorspace will deliver an office sector of global recognition, attracting global occupiers and cementing LBHF and RBKC as a premier iconic office location. The world class innovation hub will succeed due to its scale and critical mass, generating occupier interest in a less established office market, and complementing the current office floorspace and sub-markets across the network of town centres. The differentiated offer will complement rather than compete with existing office floorspace.
- Delivering the scale of office floorspace at Earls Court is key to securing this level of investment in this location within the recognised growth sector. The unique scale and single ownership mechanism of the site is a rare opportunity for LBHF and RBKC to capture and deliver an innovation hub of global recognition. If the opportunity is not capitalised upon at Earls Court, the national 'home' for clean tech and climate innovation will be delivered elsewhere. The proposed office floorspace will have a significant positive impact on the role of LBHF and RBKC within one of the fastest growth sectors in the world.
- The trend for 'flight to quality' has driven leasing activity in West London. Whilst investment in development and redevelopment opportunities across LBHF and RBKC is strong, limited supply cannot keep up with growing demand and the overall downward trajectory of office space. Following the near completion and occupancy of White City, new

opportunity is limited to tightly constrained town centre redevelopment/refurbishment. The proposed office floorspace will positively impact leasing activity and transactions across the two boroughs following a period of more subdued transactions due to a more limited supply of modern, viable space.

- Proposed office floorspace will not have a significant adverse impact on town centres in RBKC:
  - **Knightsbridge**: The Development Plan does not aspire to strategic employment growth, instead focusing on its exclusive national and international shopping role. Current office supply and individual floorplates are considered particularly small in scale, and whilst investment in high quality redevelopment opportunities are buoyant, these are relatively limited given the town centre shopping role and constrained urban grain.

    The future for Knightsbridge will continue to be focused on retail and shopping, with mixed-use redevelopment opportunities delivered where limited opportunity arises. The proposed office floorspace will not have a significant adverse impact on the intended policy role of Knightsbridge as an international retail and shopping destination.
  - **Kensington High Street**: Evidence demonstrates the truly mixed-use high street, offering retail, food and beverage, cultural and evening economy, with offices and residential at the upper levels. The development plan predominantly supports retail, leisure and service floorspace and states that Major Centres ‘may’ have significant employment and civic floorspace. Known as the civic heart of the Royal Borough, the town centre contains the highest proportion of the borough’s office floorspace, albeit recorded as relatively small compared to wider London sub-markets.

    Investment in town centre redevelopment and refurbishment, delivering residential and office floorspace at the upper levels, has been particularly buoyant, driven by the delivery of good quality space in a vibrant and highly accessible town centre with associated amenities. This is forecast to continue where the opportunity arises, supported by the continued health and vibrancy of the town centre as a major shopping, leisure and mixed-use destination. Nevertheless, the contribution of supply is limited compared to the demand arising, and there are no strategic site allocations sufficient to deliver the floorspace need identified in the development plan.
  - **Kings Road (East)**: Like Kensington High Street, King’s Road (East) is defined as a Major Centre but has a more limited office role. The development plan does not include office floorspace as forming part of the planned town centre strategy moving forwards, which instead promotes the rich iconic brand and history as one of London’s most vibrant shopping streets with world-class cultural attractions.

    Whilst the development plan broadly supports new office floorspace as part of mixed-use redevelopment, the opportunity and level of recent/current investment is particularly limited. King’s Road will contribute little to meeting the identified need for additional office floorspace over the plan period, and its future role will continue to focus on retaining recognition for shopping, leisure, entertainment and culture. The proposed office floorspace at Earl's Court will not have a significant adverse impact on the current and future role and viability of King's Road (East) as a Major Centre.

- Proposed office floorspace will not have a significant adverse impact on town centres in LBHF:

  - **Shepherds Bush**: The opening of Westfield White City in October 2008 elevated Shepherds Bush to Metropolitan Centre status with high commercial growth potential and the likelihood of new speculative office development. Strategic Site Allocation 'White City East', located to the north – and largely outside – the town centre boundary, has successfully captured and built upon the regenerative benefits of Westfield White City. The highly successful collaboration between Imperial College London, business and local government has delivered a world-class innovation hub in science, engineering and medicine.

    The scheme and supply cycle is largely complete, offering high quality modern floorplates within a mixed-use metropolitan town centre. Occupier interest is currently centred on existing tenants who are looking to expand across the Site, i.e. the process of upscaling. This reflects the vision for Earls Court with smaller occupiers taking space within the scheme and growing organically into larger spaces on the Site.

    The innovation hub, benefitting from strong levels of collaboration, has established a unique employment location which is highly resilient to future change in nearby sub-markets. The proposed office floorspace at Earls Court has been curated to complement and expand the innovation and hub ecosystem in West London with new growth sectors and established and new academic and business collaborations - affirming LBHF and RBKC as world-class premier office locations in London. White City East will continue to benefit the future health and vitality and viability of Shepherds Bush town centre.

  - **Hammersmith**: The Major Centre is the primary retail destination for many of the borough's residents but also accommodates a diverse array of office accommodation including recently completed and refurbished developments. Hammersmith is an established and mature commercial centre, expected to continue to be attractive as an office and employment location given the supply of modern space, the excellent levels of accessibility and good value rental levels. These attributes will remain even with significant delivery of space at the Earls Court development.

    Earls Court will be a different office/employment location, complementing Hammersmith town centre through the continued evolution and establishment of the West London office markets. Hammersmith has quality office space, but it is not sufficient in scale to meet identified floorspace needs; the diverse ownership and format, alongside an already strong occupancy, also makes it unavailable to deliver the planned for innovation hub at Earls Court. Hammersmith is long established and the proposed office floorspace will not have a significant adverse impact on the town centre.

    Any challenges currently experienced in the office market in Hammersmith Town Centre will continue regardless of the Proposed Development at Earls Court based on the office stock available and business decision-making. It should be acknowledged that the delivery of Earls Court will help to keep occupiers in the borough and ensure a substantial uplift in the West London office markets with a far-reaching ripple effect to neighbouring areas.

- The Proposed Development will not impact on the borough's existing supply of traditional large floor-plate corporate office space, instead developing and expanding the office sector economy further through newer, complementary growth sectors. The office proposals will not have an adverse impact on the policy defined roles of the town centres, which largely focus on retail, shopping, leisure, service, cultural and evening economy uses, with supporting office and residential floorspace contributing to a wider mix of uses.
- Beyond White City East, there are no major strategic town centre sites coming forward for new office development in the network of town centres. There is no policy intention to support a strategic scale of office development in the town centres moving forwards, and the primary and predominant role of each town centre will remain retail, leisure and service. The office floorspace proposals will not divert committed or planned investment from the town centre to an edge-of-centre location.

7.8 The Proposed Development, including office floorspace, will also deliver a wide range of other positive benefits to the local area and wider West London sub-region. These are discussed in detail in the submission Commercial Strategy, and summarised here:

- The Earls Court site is located in close proximity to Fulham town centre and Earls Court district centre. The office proposals will generate new arrivals and footfall at the multiple public transport interchanges, contributing to the development of a pedestrian 'circuit' and linked trips. Combined with other visitors to Earls Court and the need to access a wider mix of shopping and service goods, the Site will substantially contribute to the economy of the nearby network of town centres. Office floorspace at Earls Court will overwhelmingly contribute to the vitality and viability of LBHF and RBKC town centres.
- The development will deliver a trickle-down positive impact, absorbing the high proportion of managerial and professional residents in the local area, whilst also bringing 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.
- Drawing on case studies, it is expected that the Earls Court development will lead to a substantial growth in employment beyond the Site boundary. The development of King's Cross, for example, led to a 240% growth in employment in the local area as a consequence of the positive spillover effect as smaller companies sought to cluster around the arrival of new anchor tenants, including Google and AstraZeneca. Peripheral areas at King's Cross have blossomed into one of the UK's premier knowledge quarters.

Summary

- The analysis set out throughout this report concludes that the office floorspace proposals will not have a significant adverse impact on the network of town centres or committed/planned investment across LBHF and RBKC. Instead, the proposals will deliver the development plan aspiration for the Opportunity Area and support continued strong economic growth to the benefit of both London boroughs and the wider West London sub-region.

8. Conclusions

8.1 The policy framework is supportive of the application proposals. The NPPF states that significant weight should be placed on the need to support economic growth and productivity, recognising the specific locational requirements of different sectors in suitably accessible locations. The NPPF does not require an impact assessment for proposed office floorspace.

8.2 The London Plan encourages the development of new, flexible office floorspace to meet the different space requirements of a diverse market across London, thus meeting the demand for between 4.7 and 6.1 million sq ft of office floorspace over the period 2016-2041. As such, the London Plan emphasises that the planning process should not compromise potential growth.

8.3 The London Plan states that London's global leadership in tech across all sectors should be maximised; that innovation and the evolution of London's diverse sectors should be supported; and that new clusters should be promoted and developed where opportunities exist. The Proposed Development seeks to respond to this aspiration for London.

8.4 Policy SD7 of the London Plan requires an impact assessment on proposals for new, or extensions to existing, edge or out-of-centre development for retail, leisure and – going beyond the advice set out in the NPPF – office uses that are not in accordance with the Development Plan. Applications that are likely to have a significant adverse impact should be refused.

8.5 The proposed office floorspace is in accordance with the Development Plan and an Office Impact Assessment is not a requirement of the planning application.

8.6 The RBKC Local Plan supports a minimum of 20,000 sq m Class E(g) offices, research and development or light industrial, and encourages a lively, new urban quarter of cultural, employment and residential uses that is innovative, sustainable and integrated with the surrounding neighbourhood. The LBHF Local Plan seeks 8,500 new jobs within the ECWK-OA, which is listed as one of the boroughs preferred locations for new office development. The recently published LBHF Upstream London report seeks to transform the Borough into a global beacon of innovation and growth.

8.7 The proposed office floorspace is in accordance with the Development Plan, and this report has demonstrated the far-reaching positive outcomes for the Site, local area, and network of town centres, responding to policy aspirations.

8.8 The delivery of an innovation workspace ecosystem will focus on emerging growth sectors, complementing and developing the regional and London wide sub-markets. It is widely acknowledged that the Proposed Development will transform perceptions, with innovative companies recognising the substantial agglomeration benefits of being in innovation hotspots, single ownership effectively delivering affordable workspace, and a variety of floorplates and excellent levels of accessibility being particularly attractive to potential occupiers of all sizes.

8.9 This Assessment has demonstrated the wide-ranging positive impacts of the proposed floorspace and concludes that the office floorspace will not have a significant adverse impact on the borough's existing supply of traditional large floor-plate corporate office space, instead developing and expanding the office sector economy further through newer, complementary growth sectors. The office proposals will not have an adverse impact on the policy defined roles of the town centres, which largely focus on retail, shopping, leisure, service, cultural and evening economy uses, with supporting office and residential floorspace contributing to a wider mix of uses.

8.10 The leasing cycle at White City is nearing completion with current activity focused on up-scaling of existing businesses; and any challenges currently experienced in the office market in Hammersmith Town Centre will continue regardless of the Proposed Development at Earls Court. It is emphasised that the delivery of Earls Court will help to retain occupiers in the borough and ensure a substantial uplift in the West London office markets with a far-reaching ripple effect to neighbouring areas. The proposed innovation hub will deliver a point of differentiation to existing town centre office stock, responding to the aspirations of the London Plan and Upstream London in respect of innovation growth.

8.11 Beyond White City East, there are no major strategic town centre sites coming forward for new office development in the network of town centres. There is no policy intention to support a strategic scale of office development in the town centres moving forwards, and the primary and predominant role of each town centre will remain retail, leisure and service. The proposed office floorspace will not, therefore, compromise the delivery of new town centre office proposals.

EARLS COURT

Thank you

ECDC Planning
July 2025

The
Earls Court
Development
Company

4. London Office Market Report (Knight Frank)

London Office Market Report

Q2 2025	Latest insights on the state of the London office market	knightfrank.com/research

Executive Summary

Key Themes

1.

Proportion of leasing activity targeting new and refurbished space reaches a new high

2.

Pre-letting activity drives leasing volumes across both City & West End

3.

Recovery in investment volumes continues with a rising share of institutional investment

4.

A mixed economic picture could slow, not stop, deal progression

THE ECONOMIC PICTURE IS MIXED

The global economy is navigating an unsettled period. Geopolitical tensions, tighter monetary policy in major economies and uneven post-pandemic recoveries have created headwinds for growth. Capital flows are volatile, and investors are scrutinising balance sheets more closely than at any time in the past decade. Yet amid this backdrop, the UK economy has shown underlying resilience that international markets increasingly recognise. Fiscal discipline is viewed as a positive signal, supporting confidence even against a moderate growth outlook. This has been reflected in the FTSE 100 reaching record levels, low corporate distress, minimal job losses and longer-term interest rates projected to decline as inflationary pressures ease. Whilst the US tariff situation is not yet fully resolved, markets have largely dismissed President Trump's most recent announcements, although there could be further short-term volatility.

> "Take-up in Q2 reached 3.5m sq ft, up 38.5% from the previous quarter, and a 26.0% outperformance of the long-term quarterly average."

DRIVING THE RE-RATING OPPORTUNITY: FROM RESILIENCE TO RESURGENCE

As the UK's principal growth engine, the capital has faced its own headwinds that might have been expected to weigh heavily on its outlook. Higher employers' National Insurance contributions, changes to the non-domiciled tax regime and rising interest rates have created challenges for businesses and investors. Yet the impact on the capital's economic dynamism has been far less pronounced than anticipated.

Structural features of the city's economy are key to this resilience. Persistent shortages of skilled labour in technology, life sciences and professional services sustain employment demand and wage growth. These sectors are attracting domestic and international investment as London's growth profile shifts towards industries of the future. This diversification complements established strengths in financial and professional services, reinforcing its status as a global hub for innovation and capital formation.

London's office market shows similar resilience as supply and demand imbalances play out. The pipeline of high-quality sustainable workspace is tightening, with a projected undersupply of 10.8m sq ft over the next five years leaving occupiers competing for the best space. For investors, these dynamics create a rare opportunity to deploy capital into a sector with long-term demand fundamentals and limited risk of oversupply. From an occupier perspective, rising headline rents are creating affordability concerns, but incentives remain high and once adjusted for inflation, rental levels are still comparatively low. As future supply is steadily absorbed and demand continues to build, the race for best-in-class space is intensifying in a market already operating near its limits.

A bold recalibration of policy can drive the re-rating needed, ensuring London remains not just resilient but resurgent as a magnet for global capital and a driver of long-term growth on the world stage.

ABOVE-TREND TAKE-UP BOOSTED BY LARGE TRANSACTIONS

Take-up in Q2 reached 3.5m sq ft, up 38.5% from the previous quarter, and a 26.0% outperformance of the long-term quarterly average. This brought the total take-up for H1 2025 to 6.0m sq ft, 7.3% above the long-term average.

A key factor driving the increase in leasing activity during Q2 was the return of larger transactions. There were eleven transactions signed in excess of 60,000 sq ft, with six of these exceeding 100,000 sq ft. This resulted in the average deal size jumping by 48.9% to 9,786 sq ft.

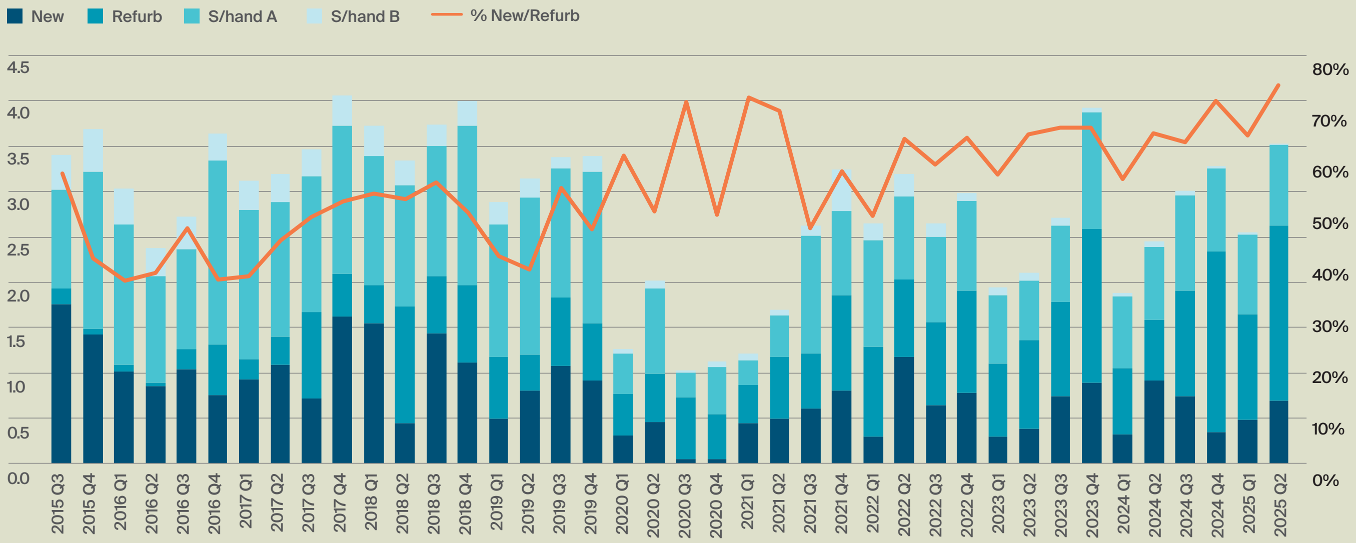
Once again, the London office market was characterised by the occupiers strong preference for best-in-class space. Almost three-quarters of take-up was for new or refurbished space – a new high. This equates to 2.6m sq ft – some 77.6% ahead of the long-term average.

The financial sector was the most active during Q2, accounting for just over one-third of take-up during the quarter. The total space let to financial services companies was 1.2m sq ft – some 90.6% ahead of the long-term average. The next strongest sector, was professional services which accounted for 16.2% (0.6m sq ft) of Q2 take-up.

The largest Q2 transaction was Squarepoint Capital's 398,227 sq ft pre-let of 65 Gresham Street, EC2, which is scheduled to complete in Q2 2028. The second largest transaction was also in the City Core sub-market, where an S&P 500 Global Business pre-let 194,517 sq ft at 100 New Bridge Street, EC4, which is due to reach practical completion in Q2 2026. The third largest transaction was in the Southbank market, where Lego acquired 191,894 sq ft at 76 Southbank, SE1. The largest transaction in the West End during Q2 was McDermott, Will & Emery's 115,000 sq ft pre-let of 7 Brook Street, W1.

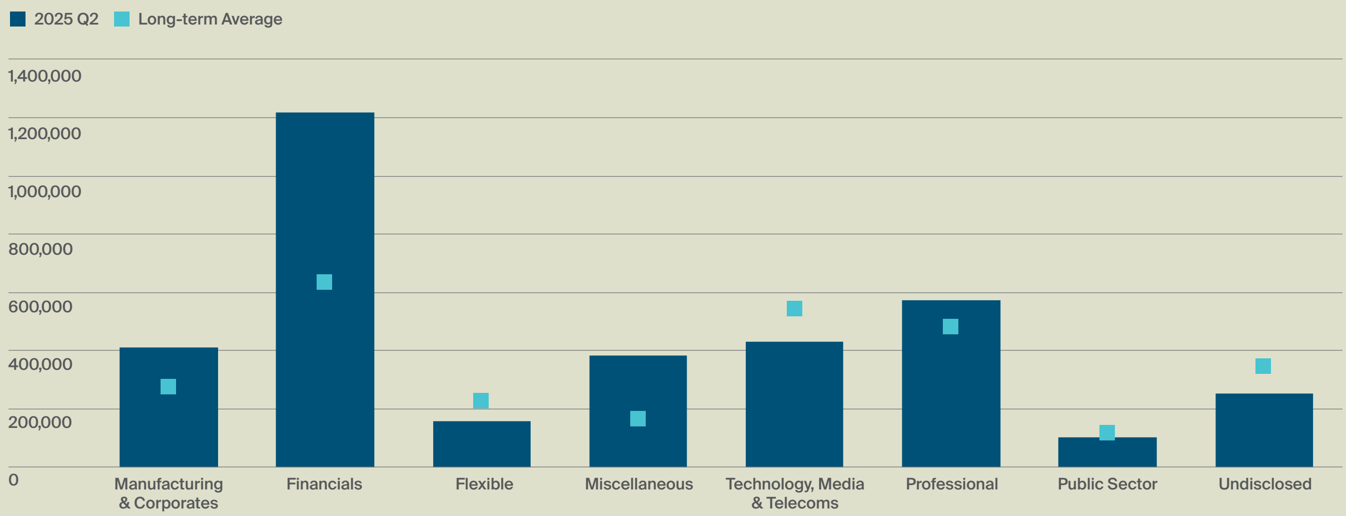
As a result of elevated leasing activity over the quarter, named active demand fell by 6.3% to 10.0m sq ft, although this is still 7.0% ahead of the long-term average. Whilst the overall level of active demand is robust, it should be noted that it is taking longer for requirements to progress into transactions. The total volume of active demand has been declining

London – Take-up
m sq ft (LHS) , % (RHS)



Source: Knight Frank Insight

London – Take-up by sector
m sq ft



Source: Knight Frank Insight

since peaking at 12.6m sq ft in Q1 2024. The 'shape' of active demand at the prime end of the market is 'thin', evidenced by the fact that whilst there was strong leasing activity for new and refurbished space, there were just six transactions across London satisfying our definition of prime in Q2.

The volume of space under offer fell from 3.0m sq ft to 2.7m sq ft by the end of Q2, again reflecting above-average levels of take-up. At the end of Q2, there was a lack of large units under offer across London, with just two spaces in excess of 100,000 sq ft in solicitors' hands at the end of June. There were eight units under offer in excess of 50,000 sq ft across London, down from sixteen at the end of the first quarter. The average size for units under offer fell from 13,843 sq ft in Q1 to 9,195 sq ft in Q2.

The combination of a fall in active demand and space under offer would suggest that take-up in Q3 could slow down, although several active requirements in the market could go under offer heading into the second half of 2025.

> "The development pipeline remains restricted going forward when compared to historic average levels of new and refurbished take-up, with an anticipated undersupply across London of 7.5m sq ft by the end of 2028."

AVAILABILITY FALLS AGAIN BUT REMAINS ABOVE TREND

Availability fell by 2.1% over the quarter to stand at 23.3m sq ft, but this remains 27.4% above the long-term trend. This means that overall availability has fallen by just under 1.1m sq ft in the last 12 months, equating to 4.3% fall over the period.

Accordingly, the vacancy rate at the end of Q2 was 8.8%, down from 9.0% at the end of Q1. The combined vacancy rate for new/refurbished space remained stable at 5.4% over the quarter, although this has fallen from 5.8% 12 months ago. In contrast, the vacancy rate for new space increased marginally from 1.7% to 1.9%, meaning that it is now 0.2 percentage points above the long-term average.

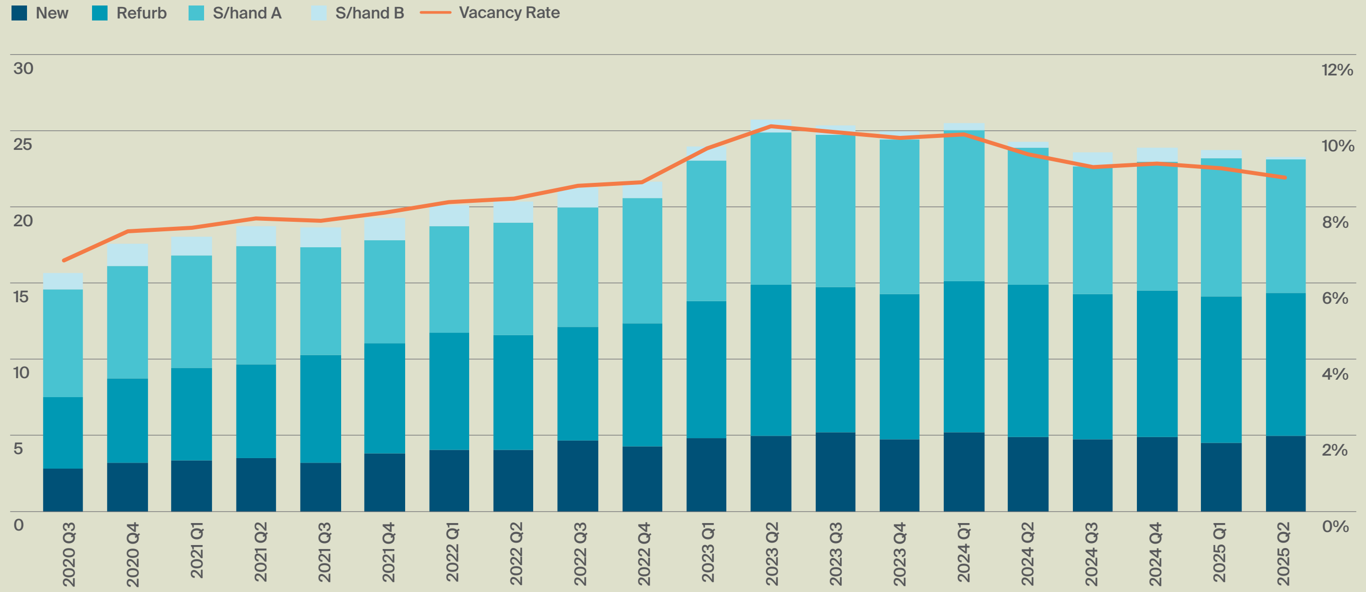
> "Availability fell by 2.1% over the quarter to stand at 23.3m sq ft, but this remains 27.4% above the long-term trend."

PEAK PIPELINE IN 2025 BUT UNDERSUPPLY WILL CONTINUE

The volume of space under construction across London fell by 4.4% during Q2 to 15.6m sq ft. Of this, 10.8m sq ft is currently being delivered speculatively, meaning that 4.8m sq ft (30.4%) of the under-construction pipeline is pre-let.

The development pipeline remains restricted going forward when compared to historic average levels of new and refurbished take-up, with an anticipated undersupply across London of 7.5m sq ft by the end of 2028. This undersupply is not universal across every submarket, but the acute shortage of quality space in core locations is destined to persist.

London – Availability
m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Insight

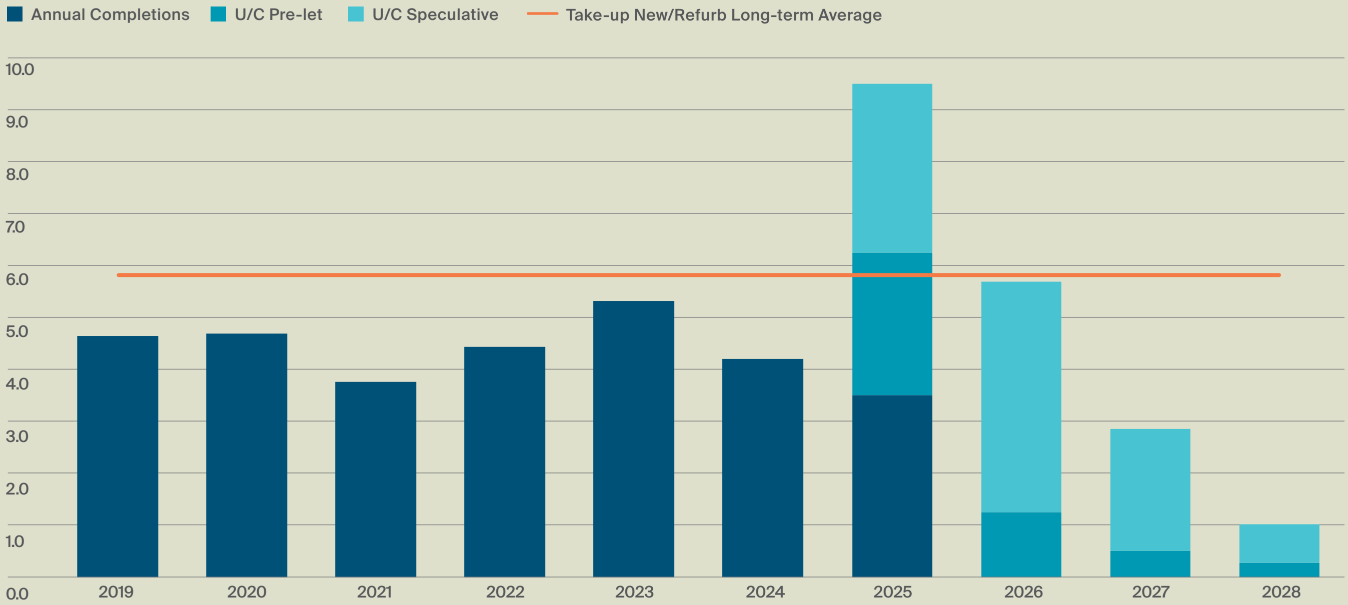
PRIME RENTS SEE GROWTH IN WEST END

In the West End Core, prime rents have risen from £167.50 per sq ft to £182.50 per sq ft based on a number of significant transactions signed during Q2. This equates to a 9.0% increase over the quarter and a 21.7% increase over the last 12 months. In nearby Marylebone, prime rents were adjusted upwards from £105.00 per sq ft to £110.00 per sq ft, equating to a 4.8% quarterly increase. Prime rents in all other submarkets were held at Q1 levels.

Our five-year view for prime rents hasn't changed since last quarter, with structural imbalances underpinning our forecasts. In the City Core, prime rents are expected to grow at an average annual rate of 5.8% until the end of 2029, with West End Core prime rents growing by an average of 5.2% each year.

These forecasts are subject to change, particularly given the volatile economic backdrop, but our view is that the low supply of new and refurbished space combined with a healthy volume of upcoming lease events will continue to perpetuate a structural imbalance in the market, resulting in continued upward pressure on prime rents.

London – Development Pipeline
m sq ft



Source: Knight Frank Insight

INVESTMENT ACTIVITY FALLS BUT OUTLOOK IS POSITIVE

Investment volumes reached £2.0bn in Q2, reflecting a 21.3% decrease when compared to Q1 turnover. This meant the quarterly investment volumes were 36.2% below the long-term average of £3.1bn. Over the last 12 months, £7.8 bn has been transacted, a 30.0% increase when compared y-o-y. This demonstrates that a steady, rather than spectacular, recovery is underway.

Most investment activity targeted larger lot sizes, with 60.9% of Q2 turnover focused on transactions exceeding £100m, although this remained 39.9% below trend.

In Q1, there was an increase in core assets changing hands. In Q2, however, value-add opportunities were the most popular asset type, attracting £0.9bn of Q2 investment volumes and accounting for 46.0% of quarterly turnover. This suggests that investors are keen to benefit from potential rental uplifts given the acute supply shortage in certain submarkets. Core plus assets accounted for an additional 43.8% of investment volumes – totalling just under £0.9bn – whilst the remaining £0.2bn targeted core assets (10.2% of Q2 investment volumes).

> "Over the last 12 months, £7.81 bn has been transacted, a 30.0% increase when compared y-o-y."

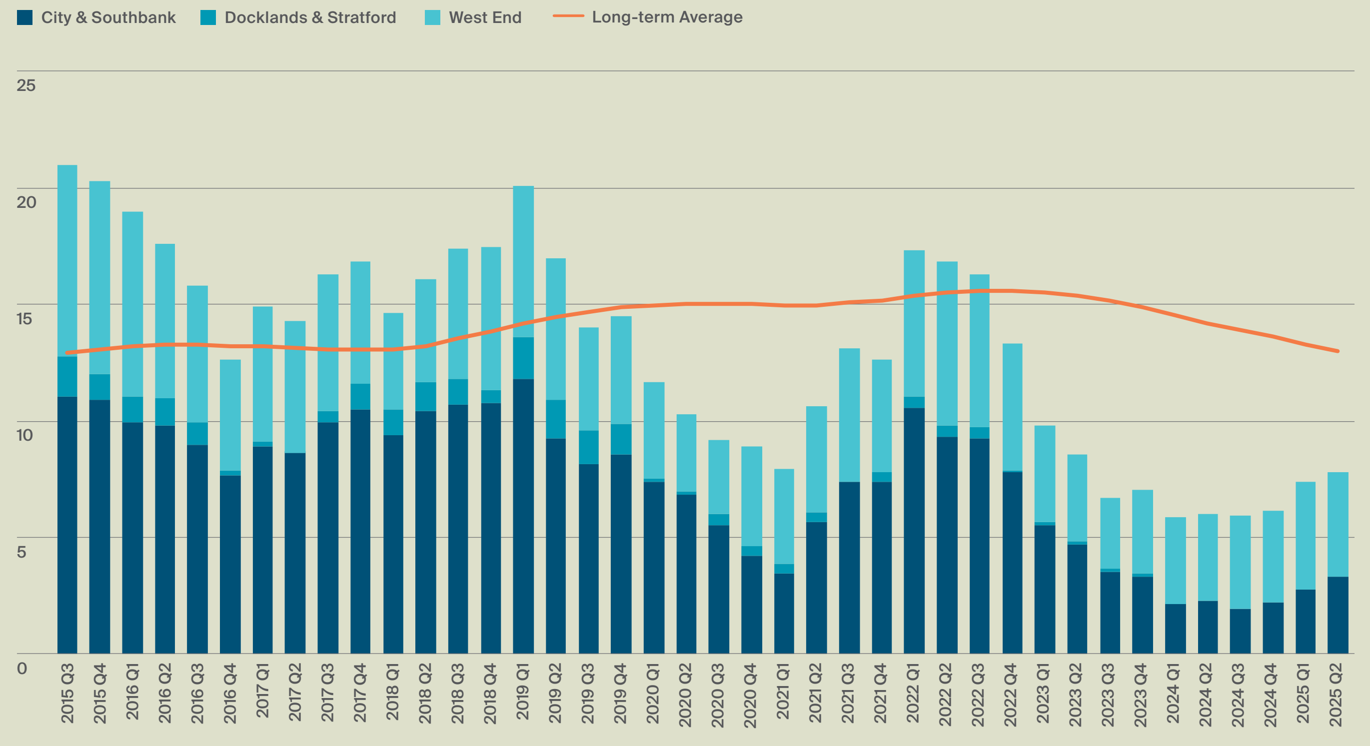
The total volume of assets available across London increased by 13.0% over the quarter to £3.8bn, boosted by an 84.5% increase in the availability of value-add assets, which stood at £1.6bn at the end of Q2. Both core and core plus assets saw a decline in availability over the quarter, falling by 25.1% and 6.9%, respectively.

At the end of Q2, there was £2.3bn of assets under offer across London, a 43.2% jump on the previous quarter and a 2.3% increase against the long-term quarterly average. The combination of an increase in deals under offer and more investment opportunities being brought to market should boost investment volumes over the short to medium term.

Prime yields remained stable in Q2, holding steady at 3.75% in the West End and 5.25% in the City and Southbank.

UNLOCK OUR INSIGHTS

London – Investment Volumes
£bn



Source: Knight Frank Insight

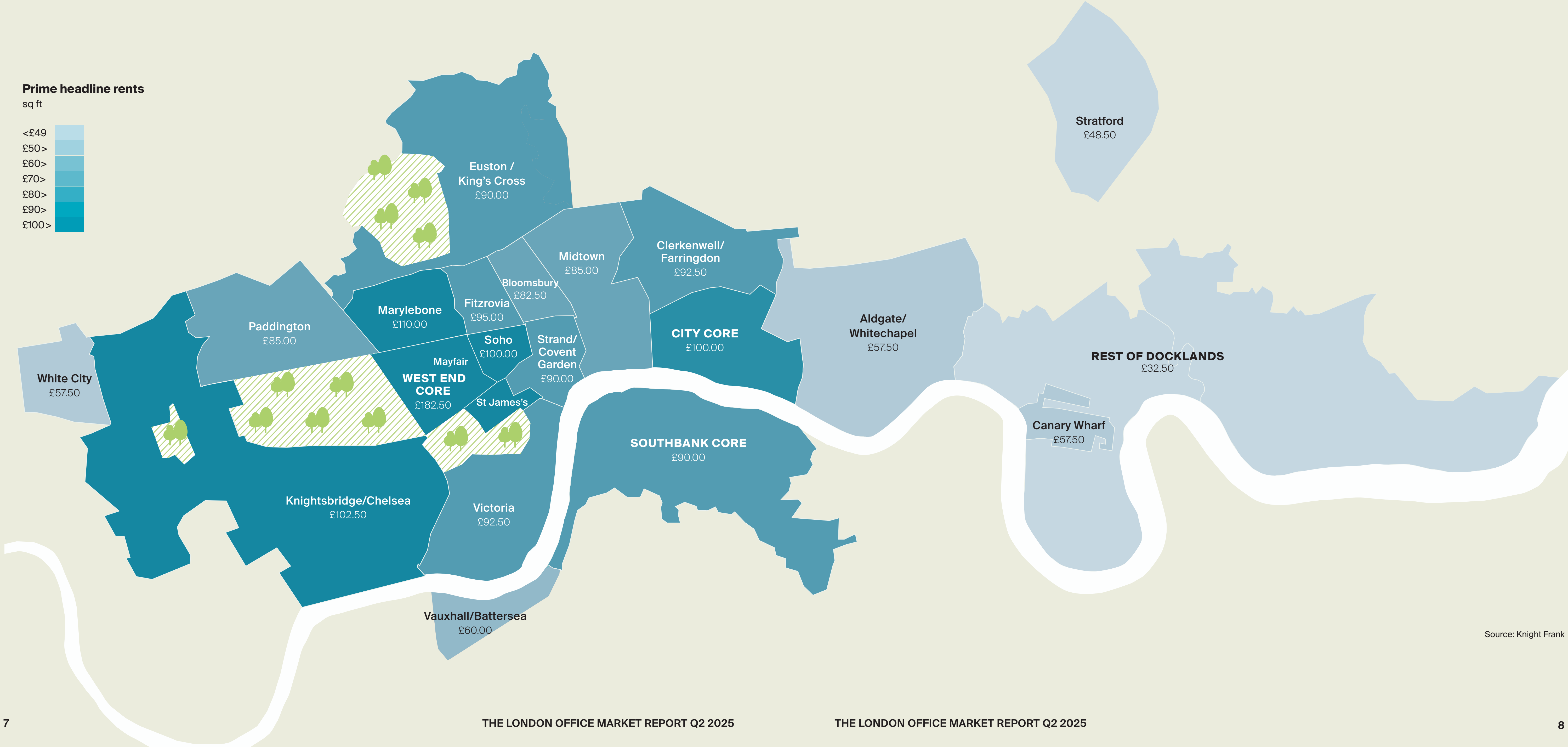
London office market

Performance dashboard Q2 2025

KEY PERFORMANCE INDICATORS

	▲ 3.53m TAKE-UP (SQ FT)	▼ 23.26 AVAILABILITY (SQ FT)	▼ 8.8% VACANCY RATE	▼ 15.56m UNDER CONSTRUCTION (SQ FT)
CHANGE ON				
2024 Q2	44.4% ▲	-4.3% ▼	-0.6% ▼	-7.2% ▼
LTA	2.80m sq ft	18.26m sq ft	7.4%	13.47m sq ft

	WEST END		CITY & SOUTHBANK		DOCKLANDS & STRATFORD	
	▲ £182.50 Prime headline rent (per sq ft)	▲ 1.07 m Take-up (per sq ft)	▲ £100.00 Prime headline rent (per sq ft)	▲ 2.09 m Take-up (per sq ft)	◀▶ £57.50 Prime headline rent (per sq ft)	▲ 0.37 m Take-up (per sq ft)
	▼ £0.89 bn Investment turnover	◀▶ 3.75% Prime Yield	▲ £1.11 bn Investment turnover	◀▶ 5.25% Prime Yield	◀▶ £0 bn Investment turnover	◀▶ 7.50% Prime Yield



Source: Knight Frank

MARKETS IN REVIEW

The City & Southbank

▲ ▼ ◀▶
Arrows throughout the report show how values have increased, decreased or stayed the same since the last quarter unless specified

◀▶ £100.00
Rent (£ per sq ft)

▲ 2.09 m
Take-up (sq ft)

▼ 12.64 m
Availability (sq ft)

▲ £1.11 bn
Investment turnover

◀▶ 5.25%
Prime yield

"Boosted by Squarepoint Capital's significant transaction, the financial sector accounted for 37.0% of Q2 leasing volumes, followed by manufacturing and corporates which accounted for a further 15.1%."

QUANTITY AND QUALITY – LARGE BEST-IN-CLASS DEALS DRIVE TAKE-UP

Q2 leasing activity reached 2.1m sq ft, a 40.9% increase on the previous quarter and a 34.2% outperformance against the long-term quarterly average of 1.6m sq ft. This strong performance was driven by a return of larger transactions, with four transactions signed in excess of 100,000 sq ft during the quarter, equating to 46.6% of total take-up.

The largest transaction signed during Q2 was Squarepoint Capital's pre-let of 65 Gresham Street, EC2, (398,227 sq ft) which is scheduled to reach practical completion in Q2 2028. The second largest transaction was an S&P 500 Global Business who acquired 194,517 sq ft 100 New Bridge Street, EC4. Lego acquired 191,894 sq ft at 76 Southbank, SE1, which was the largest letting in the Southbank market since WeWork's acquisition at Two Southbank Place, SE1 in 2017. The final 100,000 sq ft deal in the City & Southbank market signed during Q2 was London School of Economics and Political Science's acquisition at Centrium, 61 Aldwych, WC2 (187,713 sq ft).

These larger transactions also had a significant impact on the proportion of higher quality space let during Q2, with each of these 100,000 sq ft+ deals being for new or refurbished space. This contributed to the overall proportion of new and refurbished take-up reaching 78.4% in the City & Southbank market in Q2, comprising over 1.6m sq ft of leasing volumes.

Whilst there was an increase in the number of large transactions in Q2, take-up in both the 0-5,000 sq ft and 5,000-10,000 sq ft size bands fell by 20.3% and 7.4% over the quarter, respectively. This appears to be an anomaly, with both size bands seeing growth over a 12-month period.

FINANCIAL FIRMS BOOST LEASING VOLUMES

Boosted by Squarepoint Capital's significant transaction, the financial sector accounted for 37.0% of Q2 leasing volumes, followed by manufacturing and corporates which accounted for a further 15.1%. The next most active sector was the technology, media and telecoms sector, which represented 12.8% of Q2 leasing volumes.

Looking further ahead, the second half of 2025 could prove slightly more challenging as the volume of space under offer fell from 2.0m sq ft to 1.4m sq ft in the City and from 300,000 sq ft to just under 180,000 sq ft in the Southbank. Active demand for requirements targeting the City & Southbank market also fell by 11.9% over

▲ 2.1m

Q2 leasing activity reached 2.1m sq ft, a 40.9% increase on the previous quarter and a 34.2% outperformance against the long-term quarterly average of 1.6m sq ft.

the quarter to 4.49m sq ft, which means active demand has now returned broadly in-line with the long-term average. Several large requirements are poised to go under offer shortly, but Q3 take-up could fall short of the strong performance seen in Q2.

MARGINAL FALL IN SUPPLY

Overall availability has fallen by 0.9% during Q2 to stand at 12.6m sq ft. It is now 4.2% below the level seen in Q2 2024 but 30.5% ahead of the long-term average. This has resulted in vacancy rates moving downwards from 9.0% to 8.8%, with the vacancy rate of new and refurbished space holding steady at 4.9%.

In the City, the overall vacancy rate dropped from 8.5% to 8.1%, driven by a reduction in the availability of second-hand Grade A space, perhaps signalling that whilst demand is typically targeting best-in-class space, there is a growing market for more cost-effective space. In the Southbank, the overall vacancy rate increased from 11.2% to 12.6%, which was 5.4 percentage points above the long-term average, driven by the inclusion of speculative space coming to market.

Development completions in Q2 totalled nearly 1.4m sq ft, although 80.7% (1.1m sq ft) of this was already pre-let, meaning that submarkets such as the City Core, where the vacancy rate for new space fell to just 0.5%, are unlikely to see that trend reverse in the short to medium term. At the end of Q2, the under-construction pipeline fell by 3.9% to 8.6m sq ft across the City & Southbank market. Of this, 2.5m sq ft (29.0%) is already pre-let.

▼ 0.9%

Overall availability has fallen by 0.9% during Q2 to stand at 12.6m sq ft.

PRIME RENTS REMAIN STABLE

Prime rents in the City & Southbank market were held at the same level as the previous quarter, but upward pressure on prime rents remains and they will need to be reviewed based on deals currently in solicitor's hands that could shift the rental tone in core submarkets in particular. City Core rents remain at £100 per sq ft, a 14.3% increase from 12 months ago. Incentive packages also remain stable at 24-27 months on a ten-year term. Southbank Core prime rents remained stable at £90.00 per sq ft, but have increased 9.1% over the last 12 months.

Our prime rent forecasts remain unchanged from Q1. Between 2025 and 2029, annual average growth in the City Core is projected at 5.8%, with 3.5% annual average growth anticipated in the Southbank.

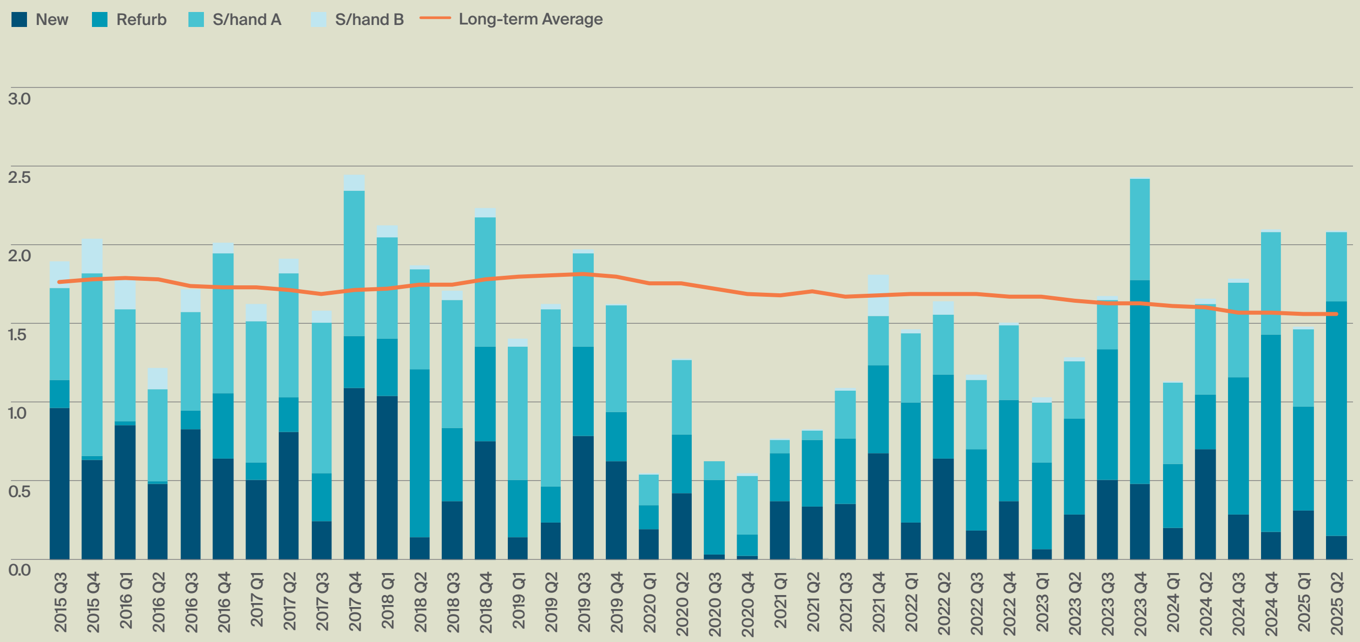
> "Investment volumes in Q2 increased by 14.7% on the previous quarter, reaching £1.1bn."

INVESTMENT ACTIVITY CREEPING UP

Investment volumes in Q2 increased by 14.7% on the previous quarter, reaching £1.1bn. Whilst that means two consecutive quarterly increases, investment activity in Q2 remains 36.9% below the long-term average.

Larger lot size transactions dominated quarterly investment

City & Southbank – Take-up
m sq ft



Source: Knight Frank Insight

activity, with transactions exceeding £100m accounting for £0.75bn (67.5%) of Q2 turnover, although this was still 37.4% below the long-term quarterly average of £1.2bn.

North American investors were the most active, representing 35.6% of Q2 investment volumes, closely followed by UK investors who accounted for a further 30.7%. Value-add opportunities were the most popular asset type, with 51.4% of Q2 investment volumes. Core plus was the next most popular, attracting an additional 30.3% of turnover, with the remaining 18.3% targeting low-risk core assets.

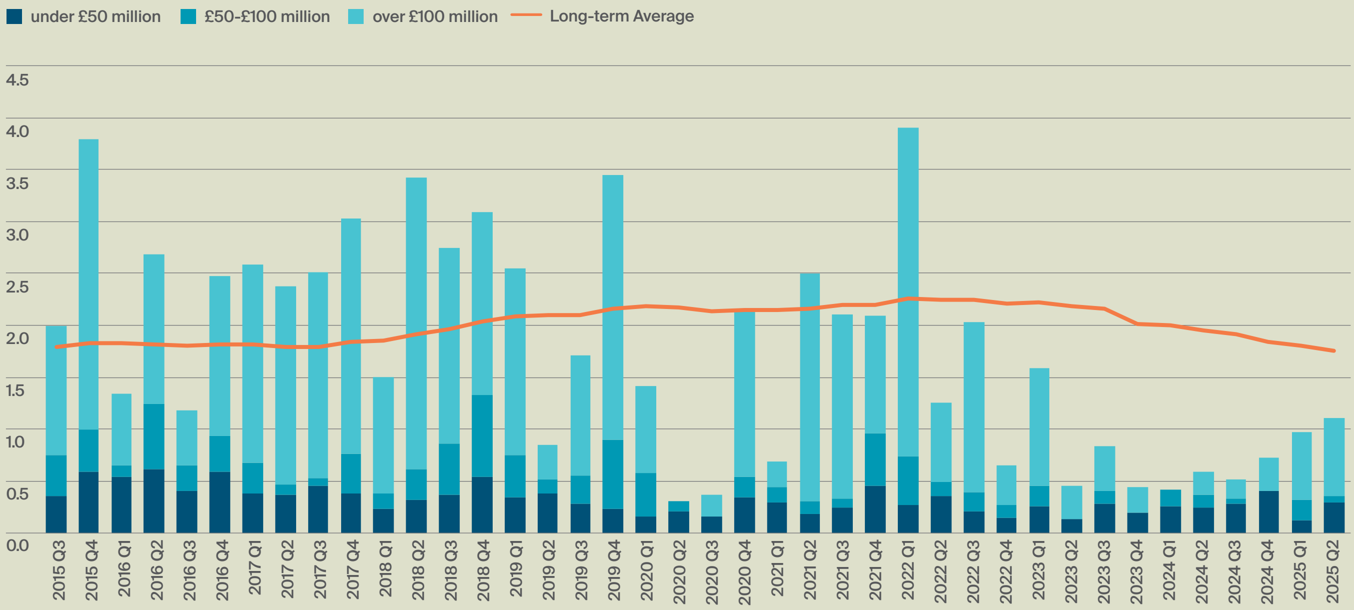
The immediate outlook looks more promising, with just under £1bn under offer across the City & Southbank market, a 78.0% quarterly uplift. Prime yields held steady at 5.25%. Investor confidence is slowly returning, and whilst both economic and geopolitical uncertainties remain, London offers strong safe haven qualities.

5.25%

Prime yields held steady at 5.25%

City & Southbank – Investment Volumes by Lot Size

£bn



Source: Knight Frank Insight

MARKETS IN REVIEW

West End

▲ £182.50

Rent (£ per sq ft)

▲ 1.07 m

Take-up (sq ft)

▲ 7.41 m

Availability (sq ft)

▼ £0.89 bn

Investment turnover

◀▶ 3.75%

Prime yield

"Take-up of new and refurbished space reached 851,551 sq ft, representing 79.3% of total take-up in Q2 – a record high proportion for the market."

TAKE-UP STRENGTHENS IN Q2

Q2 take-up in the West End reached 1.1m sq ft, a 19.2% increase on the previous quarter and broadly in line with the long-term quarterly average. Unlike the previous quarter, larger transactions returned in Q2 which is the main catalyst to the uplift in take-up. In Q2, five deals signed in excess of 60,000 sq ft, representing 36.5% of total leasing volumes.

Take-up of new and refurbished space reached 851,551 sq ft, representing 79.3% of total take-up in Q2 – a record high proportion for the market. This is further evidence of continued occupier preference for best-in-class office space and is a dramatic shift from the ten-year average of 45.5%.

PRE-LETS PROVIDE BOOST TO LETTING ACTIVITY

Unlike last quarter, two of the five largest transactions signed in Q2 were in the West End Core. The largest deal signed in Q2 was McDermott Will & Emery's pre-let at the former Fenwick department store, 7 Brook Street, W1 (115,000 sq ft) which is scheduled for completion in early 2028. This is a rare example of an occupier moving from a City Core tower (22 Bishopsgate, EC2) to a West End building, but it underpins the West End's increasing reach for occupiers who want best-in-class buildings in close proximity to their client base.

The next largest transaction signed in Q2 was Union Bancaire Privee's acquisition of Marylebone Place, 1 Wyndham Street, W1 (73,492 sq ft), a building that reached practical completion in mid-2024. Other large transactions during the quarter included Premier League Productions' pre-let at One Olympia, W14 (73,152 sq ft), LifeArc's pre-let at KOVA KX, 105 Judd Street, WC1 (70,552 sq ft) and Clayton, Dubilier & Rice's pre-let at GPE's 30 Duke Street, W1 (62,908 sq ft).

▲ 1.1m

Q2 take-up in the West End reached 1.1m sq ft, a 19.2% increase on the previous quarter and broadly in line with the long-term quarterly average.

This means that four of the five largest transactions were pre-lets, with total West End pre-lets signed in Q2 reaching 330,820 sq ft – or 30.8% of all leasing activity. This is symptomatic of a market where core locations are characterised by an undersupply of quality space, prompting occupiers, particularly those of scale, to consider future buildings to accommodate their real estate requirements.

ALL SECTORS ACTIVE DEMONSTRATING WEST END'S RESILIENCE

Take-up was relatively evenly distributed across occupier sectors, with both the financial and professional sectors accounting for 27.4% of quarterly leasing activity. The next most active sector was the technology, media and telecoms sector which accounted for a further

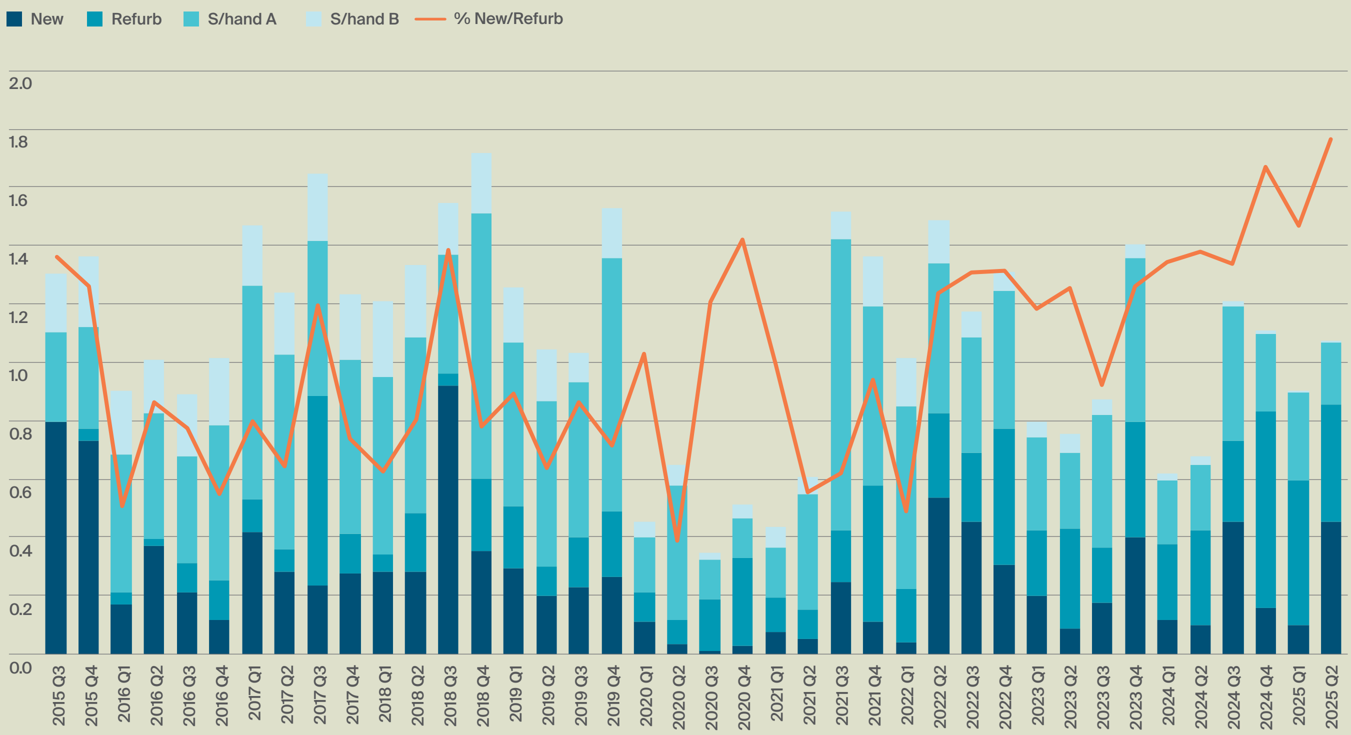
15.1% of Q2 take-up. The sector with the highest outperformance against the long-term average as the professional sector, significantly boosted by McDermott Will and Emery's pre-let at 7 Brook Street, W1, meaning Q2 take-up from professional firms was 157.6% above the long-term quarterly average.

At the end of Q2, there was 908,967 sq ft under offer in the West End, a 4.3% increase on the previous quarter. There is one unit under offer in excess of 100,000 sq ft, with a further unit over 50,000 sq ft under offer at the end of the quarter. Active demand fell by 5.7% over the quarter to 1.9m sq ft, with the financial sector representing the largest share (29.7%). While active demand increased over the quarter, it remains 17.3% below the long-term trend.

SUPPLY LEVELS ELEVATE SLIGHTLY

Overall availability increased by 3.8% to 7.4m sq ft, 24.9% ahead of the long-term market average. This resulted in the vacancy rate

West End – Take-up
m sq ft



Source: Knight Frank Insight

▲ £9%

Prime rents in the West End Core jumped by 9.0% over the quarter to £182.50 per sq ft, reflecting several transactions that have signed at that level.

increasing from 7.5% to 7.7% in Q2, with the vacancy rate of new and refurbished space climbing from 5.4% to 5.7%.

Looking further ahead, development activity remains subdued. The total volume of space under construction at the end of Q2 was 6.2m sq ft, of which 2.2m sq ft (40.1%) is already committed. There is a projected undersupply of nearly 1.2m sq ft by the end of 2028 when comparing historic levels of new and refurbished take-up to the under-construction pipeline as well schemes deemed 'most likely.'

CORE RENTS SURGE AMIDST SUPPLY SQUEEZE

Prime rents in the West End Core jumped by 9.0% over the quarter to £182.50 per sq ft, reflecting several transactions that have signed at that level, with the prospect of further increases by the end of the year. Persistent low supply of quality space in the core, combined with resilient demand continues to put upward pressure on rents, although this is most evident for best-in-class buildings in the most desirable locations. Elsewhere, prime rents in Marylebone moved from £105.00 per sq ft to £110.00 per sq ft after consistent levels of leasing activity at this level. All other submarkets remained stable at the previous level.

The West End Core is expected to see prime rents grow at an annual average rate of 5.2% until the end of 2029. This growth in prime rents is driven by an acute shortage of best-in-class office space, a dwindling development pipeline and robust future demand from lease events.

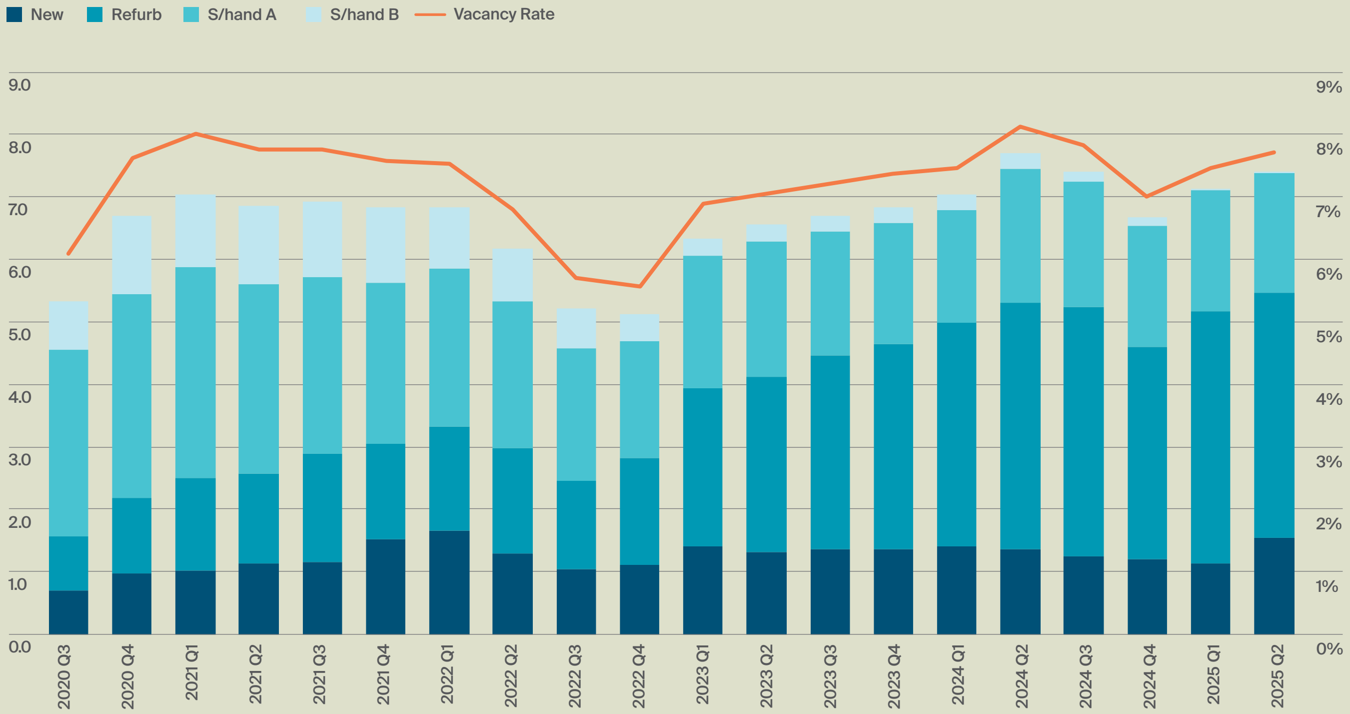
CORE PLUS OPPORTUNITIES ATTRACT INVESTORS

After seeing an above-average start to the year, Q2 investment in the West End market faltered, falling to £0.9bn. This reflects a 43.5% decline q-on-q and a 28.5% shortfall compared to the long-term quarterly average.

The majority of investment was directed at larger lot sizes, with total investment volumes for transactions exceeding £100m reaching £0.47bn and accounting for 52.6% of Q2 turnover. The trend is also evident over the last four quarters, where investment in deals above £100m accounts for 47.8% of activity.

> "The West End Core is expected to see prime rents grow at an annual average rate of 5.2% until the end of 2029."

West End – Availability
m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Insight

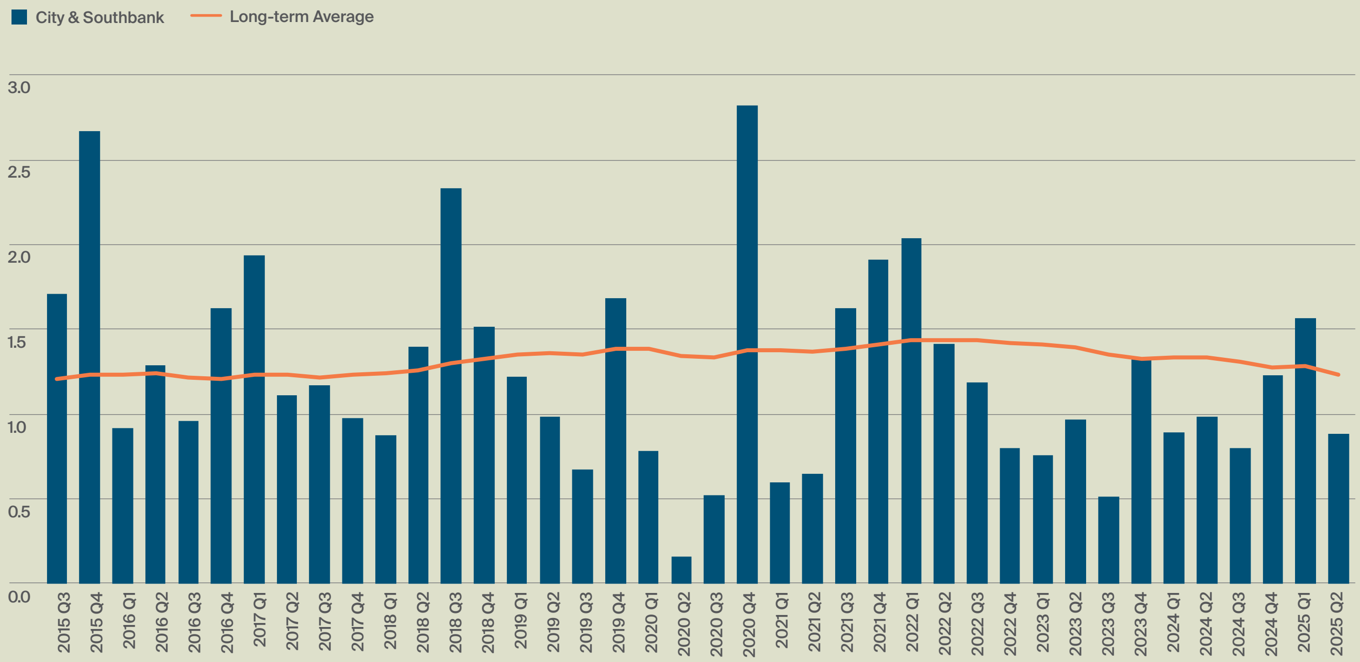
“Whilst there was a lack of core investment in the West in Q2, it has accounted for £1.5bn of investment over the last 12 months, equating to 33.5% of total investment volumes over the same period.”

Core plus assets accounted for 60.7% of Q2 turnover, with the remaining 39.3% targeting value-add opportunities. Whilst there was a lack of core investment in the West in Q2, it has accounted for £1.5bn of investment over the last 12 months, equating to 33.5% of total investment volumes over the same period.

The value of assets available at the end of Q2 rose by 62.0% to £2.3bn, with 48.0% of this stock being either core or core plus assets. Also adding to a more positive horizon for the remainder of 2025 is the £1.0bn of assets under offer, a 31.9% increase on the previous quarter.

This positive outlook is further supported by continued stability in prime yields, which have remained at 3.75% for the tenth consecutive quarter.

West End – Investment Volumes
£bn



Source: Knight Frank Insight

Docklands & Stratford

◆ £57.50	Rent (£ per sq ft)
▲ 0.37 m	Take-up (sq ft)
▲ 3.21 m	Availability (sq ft)
◆ £0 bn	Investment turnover
◆ 7.50%	Prime yield

"Unlike the broader London market, where the proportion of take-up focused on new or refurbished space has reached record highs, the Docklands and Stratford market trend is slightly different, with 47.6% of leasing activity targeting new or refurbished units."

UPTICK IN TAKE-UP DRIVEN BY BANKS AND BOOKS

Nine leasing transactions signed during Q2, totalling 370,316 sq ft. This is a 121.0% increase q-on-q and nearly double the long-term quarterly average, with an average transaction size of 41,146 sq ft.

Leasing activity was boosted by activity in the largest size bands, with one transaction between 80,000-100,000 sq ft and another above 100,000 sq ft – a dynamic that has been missing from the Docklands and Stratford market for some time. In fact, 78.8% of Q2 take-up was for transactions above 40,000 sq ft, demonstrating the market's continued appeal to occupiers of scale.

Unlike the broader London market, where the proportion of take-up focused on new or refurbished space has reached record highs, the Docklands and Stratford market trend is slightly different, with 47.6% of leasing activity targeting new or refurbished units. This suggests that whilst the Docklands and Stratford market can accommodate requirements for best-in-class space, occupiers still demand more cost-effective options in this location.

The largest transaction signed in Q2 was JPMorgan Chase's acquisition at 1 Cabot Square, E14, where they secured 148,473 sq ft on a sublease on confidential terms. The two next largest transactions reflect a trend that has been gathering momentum over recent years – the commitment of educational occupiers to space in the Docklands and Stratford market to establish or extend their London footprint. Arden University acquired 94,172 sq ft at The Turing Building, E20 across the ground-6th floors, whilst The Elizabeth School of London further expanded their presence at HX1 & HX2, Harbour Exchange, E14, by committing to an additional 49,213 sq ft on the 9th and 10th floors.

▼17.2%

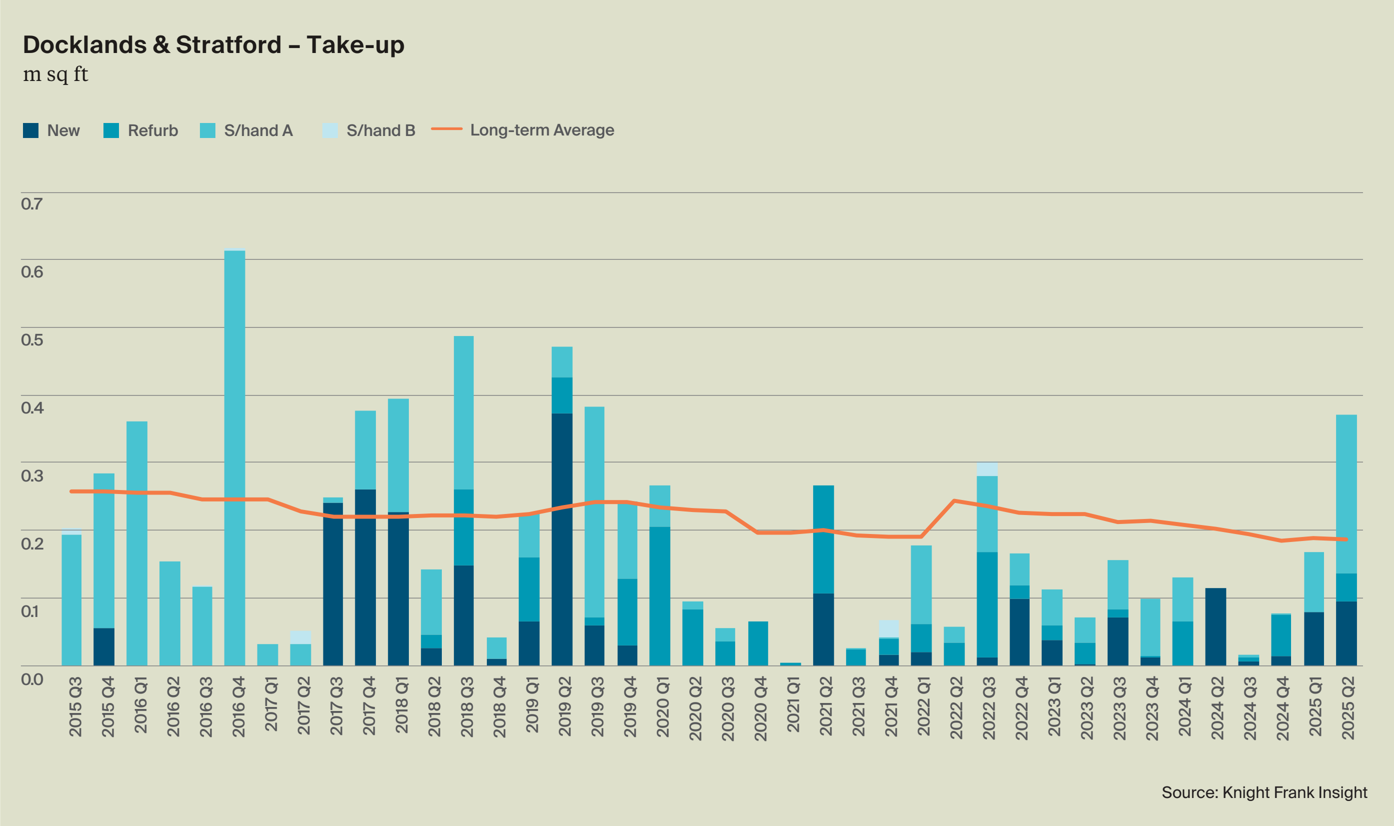
Overall availability across the Docklands and Stratford market fell by 17.2% during Q2 to 3.2m sq ft, which translates to a vacancy rate of 12.6%.

AVAILABILITY FALLS BUT REMAINS ABOVE TREND

Overall availability across the Docklands and Stratford market fell by 17.2% during Q2 to 3.2m sq ft, which translates to a vacancy rate of 12.6%. This means that availability has fallen by 6.3% year-on-year but remains 21.3% ahead of the long-term average

At the end of the quarter, 57.7% of available space was new or refurbished, equating to just under 1.9m sq ft. Given demand dynamics, the availability of second-hand space fell by 26.7% over the quarter, meaning that second-hand availability is 4.6% below the long-term average level.

In Canary Wharf, the vacancy rate dropped from 13.7% to 11.2%, and is



now just 0.7 percentage points above the long-term trend. This was driven by significant absorption of second-hand space, with second-hand vacancy falling from 8.0% to 5.9% in Q2.

At the end of Q1 there was 718,338 sq ft of space under construction in the Docklands & Stratford market, across two schemes. 17 Columbus Courtyard, E14, is expected to reach practical completion in 2026 Q4, delivering 178,338 sq ft of speculative space. One North Quay, E14 is scheduled to complete by the end of 2027, providing 540,000 sq ft of speculative space.

Prime rents are unchanged in both Docklands and Stratford markets. In Canary Wharf, prime rents are £57.50 per sq ft and in Stratford they are £48.50 per sq ft. Rent-free periods also remain unchanged at 27-30 months on a standard 10-year lease.

NO INVESTMENT IN H1 2025 BUT OUTLOOK IS IMPROVING

There was no investment activity recorded in the Docklands and Stratford sub-market during Q2, although there was nearly £0.3bn under offer at the end of the quarter, which would bring momentum to market in the short to medium term. Prime yields remain stable at 7.50%.

Key Statistics

	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	% CHANGE 3 MONTHS	% CHANGE 12 MONTHS	10-YEAR QUARTERLY AVERAGE
AVAILABILITY (SQ FT)								
West End	7.69 m	7.42 m	6.68 m	7.14 m	7.41 m	3.8%	-3.6%	5.93 m
City & Southbank	13.20 m	12.43 m	13.49 m	12.76 m	12.64 m	-0.9%	-4.2%	9.68 m
Docklands & Stratford	3.43 m	3.78 m	3.74 m	3.87 m	3.21 m	-17.2%	-6.3%	2.65 m
London	24.32 m	23.62 m	23.91 m	23.77 m	23.26 m	-2.1%	-4.3%	18.26 m
VACANCY RATE								
West End	8.1%	7.8%	7.0%	7.5%	7.7%	0.2%	-0.4%	6.6%
City & Southbank	9.5%	8.9%	9.6%	9.0%	8.8%	-0.2%	-0.7%	7.4%
Docklands & Stratford	13.6%	14.8%	14.6%	15.2%	12.6%	-2.6%	-1.0%	10.6%
London	9.4%	9.1%	9.1%	9.0%	8.8%	-0.3%	-0.6%	7.4%
TAKE-UP (SQ FT)								
West End	0.68 m	1.21 m	1.11 m	0.90 m	1.07 m	19.2%	58.0%	1.06 m
City & Southbank	1.65 m	1.78 m	2.10 m	1.48 m	2.09 m	40.9%	26.3%	1.56 m
Docklands & Stratford	0.11 m	0.02 m	0.08 m	0.17 m	0.37 m	121.0%	225.1%	0.19 m
London	2.45 m	3.01 m	3.28 m	2.55 m	3.53 m	38.5%	44.4%	2.80 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	2.32 m	2.06 m	1.65 m	2.04 m	1.92 m	-5.7%	-17.3%	2.10 m
City & Southbank	4.42 m	5.65 m	4.78 m	5.10 m	4.49 m	-11.9%	1.7%	4.45 m
Docklands	0.65 m	0.43 m	0.46 m	0.45 m	0.28 m	-38.2%	-57.4%	0.52 m
London-wide	3.75 m	3.44 m	4.07 m	3.07 m	3.30 m	7.2%	-12.0%	2.26 m
London	11.14 m	11.58 m	10.96 m	10.66 m	9.99 m	-6.3%	-10.3%	9.33 m
UNDER CONSTRUCTION (SQ FT)								
West End	6.03 m	6.74 m	6.74 m	6.59 m	6.22 m	-5.6%	3.2%	4.41 m
City & Southbank	9.68 m	9.11 m	9.96 m	8.98 m	8.62 m	-3.9%	-10.9%	8.17 m
Docklands & Stratford	1.07 m	0.72 m	1.42 m	0.72 m	0.72 m	0.0%	-32.8%	0.89 m
London	16.77 m	16.58 m	18.12 m	16.29 m	15.56 m	-4.4%	-7.2%	13.47 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.30 m	0.16 m	0.51 m	0.35 m	0.45 m	29.5%	49.6%	0.32 m
City & Southbank	0.42 m	1.48 m	0.31 m	1.33 m	1.37 m	3.0%	230.0%	0.76 m
Docklands	0.00 m	0.34 m	0.00 m	0.00 m	0.00 m			0.09 m
London	0.72 m	1.98 m	0.82 m	1.68 m	1.82 m	8.5%	153.9%	1.16 m
INVESTMENT TURNOVER								
West End	£0.99 bn	£0.80 bn	£1.23 bn	£1.57 bn	£0.89 bn	-43.5%	-10.6%	£1.24 bn
City & Southbank	£0.59 bn	£0.52 bn	£0.73 bn	£0.97 bn	£1.11 bn	14.7%	87.9%	£1.76 bn
Docklands & Stratford	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn			£0.13 bn
London	£1.58 bn	£1.32 bn	£1.96 bn	£2.54 bn	£2.00 bn	-21.3%	26.2%	£3.13 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£150.00	£150.00	£160.00	£167.50	£182.50	9.0%	21.7%	4.7%
City & Southbank	£87.50	£90.00	£95.00	£100.00	£100.00	0.0%	14.3%	4.4%
Docklands & Stratford	£57.50	£57.50	£57.50	£57.50	£57.50	0.0%	0.0%	4.4%

Source: Knight Frank. Notes: London active requirements includes unspecified target locations. Percentage point difference for vacancy rate.

We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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General Note
This report has been prepared by Knight Frank Insight, the research and consultancy division of Knight Frank. Knight Frank Insight gratefully acknowledges the assistance given by the London office teams in the compilation and presentation of this material. Certain data sourced from LOD. All graph data sourced by Knight Frank.

Technical Note
The following criteria have been adopted in the preparation of this report.

i. All floorspace figures quoted in this report refer to sq ft net.

ii. Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.

iii. Availability refers to all space available for immediate occupation, plus space still under construction which will be completed within six months and which has not been let.

iv. Availability and take-up are classified into three grades: New/refurbished: Space under construction which is due for completion within six months or space which is currently on the market and is either new or completely refurbished.
Second-hand A Grade: Previously occupied space with air-conditioning.
Second-hand B Grade: Previously occupied space without air-conditioning.

v. Demand figures quoted in this report refer to named requirements for over 10,000 sq ft.

vi. Under construction figures quoted in this report refer to developments of over 20,000 sq ft which are currently underway. They do not include properties undergoing demolition.

vii. Investment figures quoted in this report refer to accommodation where the majority of income/potential income is from office usage and comprises transactions of £1 m and above. The data includes standing investments, site purchases and funding transactions.

viii. This report is produced to standard quarters.
Quarter 1: January 1 – March 31,
Quarter 2: April 1 – June 30,
Quarter 3: July 1 – September 30,
Quarter 4: October 1 – December 31

Knight Frank