Jobs and Green Growth

Mayoral Manifesto for London's Economic, Social & Environmental Prosperity

London Property Alliance

WPA | CPA

Westminster Property Association | City Property Association

London Property Alliance (LPA), the membership body for the property industry in central London calls on the next Mayor of London to utilise their powers over planning, economic development and transport to **protect and bolster London's Central Activities Zone[1] (CAZ+).**

The geographic core and commercial heart of the capital fulfils a unique role as a global centre for business, employment, culture and tourism. Despite covering just 2.2%[2] of Greater London's landmass, the **district produces almost half (48%) of London's economic growth (GVA), supports 41% of its jobs and is home to 65% of all office floorspace within the city**. Its ongoing success is vital for maintaining London's appeal for investment and talent from around the world, as well as generating jobs, prosperity and funding for public services to support the wider capital and country.

Forthcoming research[2] by Arup for the LPA, shows that a 'balanced growth' scenario - where **the GLA and London boroughs work together to implement flexible planning and growth policies, invest in vital infrastructure and provide business support for the CAZ+** area would deliver (between 2023 and 2045):

- An **additional 407,200 jobs**
- **£101 bn** in economic growth (GVA, 2023 prices)
- **50,700** much needed new homes for residents and workers
- **£4.3 bn** (2023 prices) of planning contributions[3] to help fund improvements to public spaces, infrastructure and local services

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[1] Defined as geographic area of the Central Activities Zone as set out the London Plan 2021 plus the Northern Isle of Dogs

[2] Forthcoming report: London Property Alliance, Good Growth for Central London authored by Arup

[3] Borough CIL and S106 contributions (£3.125 bn) plus £1.170bn Mayoral CIL

London's future Mayor should implement policies to better protect and unleash the economic potential of London's CAZ+, including flexible planning and spatial strategies for the district within the London Plan.

THE NEXT MAYOR OF LONDON SHOULD:

1

Work with government to bring forward fiscal devolution for London

2

Recognise central London's sustainability and agglomeration benefits

3

Review the next London Plan to support a Retrofit First, Not Retrofit Only approach to commercial development

4

Invest in critical upgrades to London's transport network

5

Help fulfil London's role as a life sciences superpower

1

Work with government to bring forward fiscal devolution for London

The UK remains one of the most centralised democracies in the western world. Successive mayors and local government leaders of all political persuasions from across the country have recognised the overwhelming case for providing local government with greater control over tax and spending.[4] Fiscal devolution for London would create stronger incentives for economic growth and help provide the resources for further infrastructure investment, as was demonstrated by the Elizabeth line and Northern line extension to Battersea Nine Elms. **We urge the next Mayor to continue to work with his or her fellow city leaders across the country to help secure a lasting and stable fiscal devolution deal with the next national government.**

Such devolution would help the London Mayor and boroughs to benefit from increases in economic growth, in turn supporting local residents and businesses. Only through ensuring the benefits from development are effectively directed to local areas can communities work together to improve both economic and social property. As our newly published report2 from Arup finds, **future development across the CAZ+ boroughs has the potential to generate £4.3bn in developer contributions towards housing, community spaces, public streets and supporting local training and employment.**

These figures do not factor in the corresponding increases in business rate income development provides, which largely sits outside the Mayor's jurisdiction and are used to pay for local government across the country. The national Labour Party has pledged to reform business rates if it wins power, and replace them with a form of property tax – which would likely further support the case for fiscal devolution.

> **"We urge the next Mayor to continue to work with his or her fellow city leaders across the country to help secure a lasting and stable fiscal devolution deal with the next national government.**

[4] See for example the **London Finance Commission's report** lfc_report_2017_execsummary_.pdf (london.gov.uk)

2

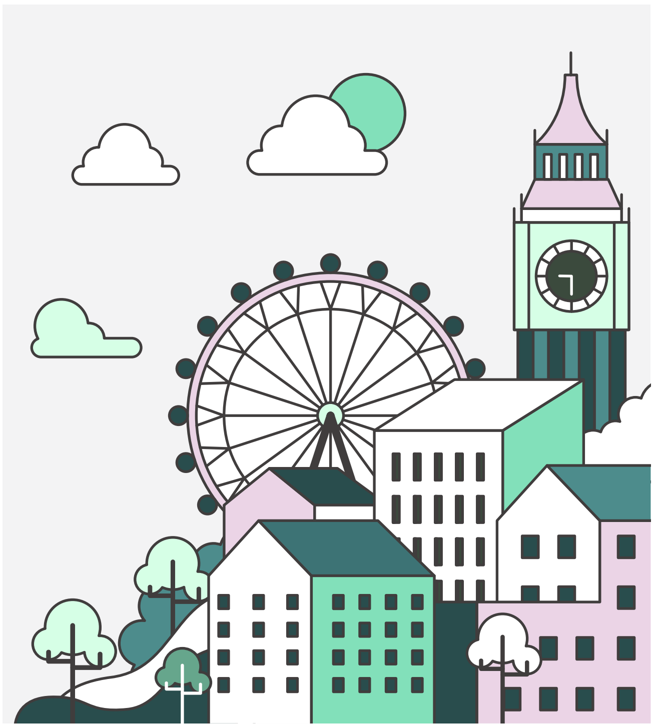
Recognise central London's sustainability and agglomeration benefits

The CAZ+ is the most sustainable location in the country for delivering employment growth. Greenhouse gasses per job are just one quarter of the average for England and Wales. Data shows that emissions are just 0.6 tonnes of CO_2 equivalent per job.

According to Government's own data[5] **the amount of greenhouse gas emitted from the operation of commercial buildings across central London fell by 48% between 2005 and 2021.** This is largely due to the greening of the energy grid and advances in technology and design. The market is driving progress in reducing the impact of buildings and their use on the climate and to continue delivering this, the property sector requires policies which incentivise and reward sustainable development.

London is competing internationally to attract and retain foreign investment. The real estate sector is integral to the city's ability to do this successfully. Over time, second-best development risks weakening London's attractiveness as a place to invest. Providing world-class buildings will sometimes require full scale redevelopment and is integral to ensuring the overall economic and environmental sustainability of London. High employment densities and public transport dependency not only lighten London's environmental footprint, but crucially they facilitate agglomeration benefits[6] in the form of higher wages, profitability and productivity creating a virtuous circle of growth, competitiveness and prosperity.

We urge the next Mayor to review the data on projected jobs required over future decades across the CAZ given the changes in working patterns since the pandemic. The existing 2017 data which is used to help inform local borough jobs targets and future commercial floorspace requirements are now out of date and fail to factor in the impacts of flexible working on local areas. We believe greater ambition to drive jobs and growth is required to ensure the ongoing success of London and the long-term support of the many thousands of smaller businesses that form part of the ecosystem of the London economy, whilst enlivening and activating the city's streets.



[5] UK greenhouse gas emissions: local authority and regional - data.gov.uk

[6] See for example: https://www.centreforcities.org/publication/office-politics/

3

Review the next London Plan to support a Retrofit First, Not Retrofit Only approach to commercial development

As set out in our linked research papers 'Retrofit First, Not Retrofit Only' (read here) and soon-to-be-published *'Future-proofing National Policy to Support Sustainable Development'*, we are concerned about the future of London's 20th century commercial buildings.

A 'retrofit only' planning approach (an expectation that all existing office buildings should be retained regardless of their condition and suitability for modern work) will make the futureproofing of some buildings unviable, leaving unlettable properties (known as 'stranded assets') across the capital. As high quality, modern workspace become less available in London, we are very concerned that global employers will instead be looking at cities such as Paris, Berlin and New York for their workspaces, undermining London's role in attracting businesses and jobs.

A recent industry-wide survey conducted by the LPA found that due to a lack of clarity around retrofit and redevelopment policies, **17% of property owners had chosen not purchase a site or put forward plans for development - and 41% had experienced planning delays** - because of uncertainty of how it was going to be assessed.

As our research papers demonstrate, there is a **gap in policy between national Government, the GLA and London boroughs, with inconsistencies in approach and decision-making. This is creating uncertainty and holding back investment in London.**

We are calling for a more supportive planning environment to give assurance to investors that if an older (but not listed), energy inefficient and unlettable building requires redevelopment, then factors around its suitability or financial viability for refurbishment will be given 'significant weight' in the planning process. Allowing[7] demolition and construction, where required, transforms such buildings into more modern, environmentally sustainable properties that are fit for the future. This would help prevent the consequences of stranded assets blighting neighbourhoods and holding back much-need investment into London's commercial buildings: bringing about economic growth, new jobs and high-quality workspaces to attract growing and global businesses.

[7] Assuming that other planning policy requirements are met.

4

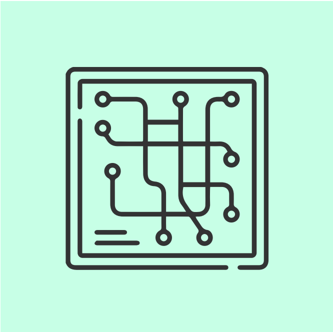
Invest in critical upgrades to London's transport network

Without a stable long-term investment strategy, including the major improvement works to Central line and the replacement of trains on the Bakerloo line, London's underground system risks the decline evident in the New York subway. The latest data from our Global Cities Survey[8], found that under-investment in New York's subway system has meant ridership remains at 70% of pre-pandemic levels, versus 84% in London, which has contributed to an increase in Manhattan office vacancy (to 22%).

The next Mayor of London should work with the government to secure the long-term funding package required to maintain London's transport network as the lifeblood of its economy – as well as its role in providing accessibility, connectivity and sustainable travel for workers, residents and visitors.

Investment in the capital's transport infrastructure has knock-on benefits for employment, local businesses and office floorspace. Research by the LPA, titled 'The Crossrail Effect: How the Elizabeth line is transforming the capital[9], shows that this new rail line has supported 200,000 new office jobs, the opening of 171 hotels and 2,666 food and beverage outlets.

Underground
Investment increases ridership



New York - **70% ridership**
London - **84% ridership**

Elizabeth line
Transforming the capital

200,000 new office jobs
171 hotels
2,666 food and beverage outlets

[8] https://www.londonpropertyalliance.com/global-cities-survey-february-2024/

[9] https://www.londonpropertyalliance.com/the-crossrail-effect-how-the-elizabeth-line-is-transforming-the-capital/

5

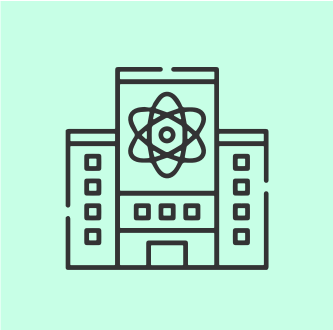
Help fulfil London's role as a life sciences superpower

New research[10] from the LPA sets out the UK capital's incredible potential to be a global centre for research and innovation in heath science, building on the success of London's key 'Knowledge Clusters' in the Knowledge Quarter (King's Cross / Euston), White City, Whitechapel, Sutton (Southwark / Lambeth) and the Docklands (Canary Wharf and Canada Water). This would bolster the health and wealth of the country and strengthen the 'Golden Triangle' of innovation, which encompasses Oxford, Cambridge and London.

The current development pipeline for laboratory space across London stands at 2.7 mill sq ft, creating a steady supply of life science workspaces to house companies. However, an additional 2.6 mill sq ft of laboratory space is still awaiting a planning decision, creating a bottleneck for growth and uncertainty amongst both occupiers and developers, with resourcing issues within London boroughs exacerbating these costly delays. **We need support from the next Mayor of London to help drive faster and more effective decision making, which providing certainty and clarity in order to support the sector's growth.**

Leadership from the Mayor's office, through bodies such MedCity, is also vital to help deliver a clear vision and strategy for how London will grow into an internationally renowned life science supercluster that attracts investment and global talent.

Laboratory space in London
Investment increases ridership



Current laboratory space - **2.7 mill sq ft**
Laboratory space still awaiting a planning decision - **2.6 mill sq ft**

[10] https://www.londonpropertyalliance.com/londons-knowledge-clusters-from-emerging-to-maturing/