

Volterra

Truman Brewery Estate

Economic Statement and Commercial Use Needs
Assessment

Truman Brewery Masterplan

August 2024

Truman Brewery Estate: Economic needs case

Contents of this report:

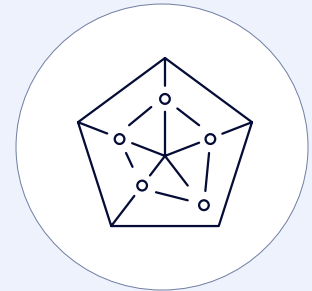


The Proposed Development and Truman Brewery

This section introduces the Proposed Development, its connection with the existing Truman Brewery, and how three separate but interconnected planning applications form the overall redevelopment project.

Commercial market context

This section looks at the need for commercial space in London and specifically Tower Hamlets, to accommodate the future demands of businesses. It discusses the required expansion and transformation of commercial spaces in the area, focusing on market trends and how the Proposed Development can address these future needs.



Spitalfields & Banglatown Local Context

Given the socio-economic history of the area, it is particularly important that development reflects the nature and needs of the local community along Brick Lane and within Spitalfields & Banglatown. This section summarises how the economic profile of the local area has evolved in recent years and opportunities for future development.

Impact of the Proposed Development

Tailored to align with local needs, the Proposed Development aims to tackle existing challenges while creating spaces that cater to the needs of Tower Hamlets' businesses and residents. This section outlines how the development will meet these objectives and identifies the potential scale of economic benefits.

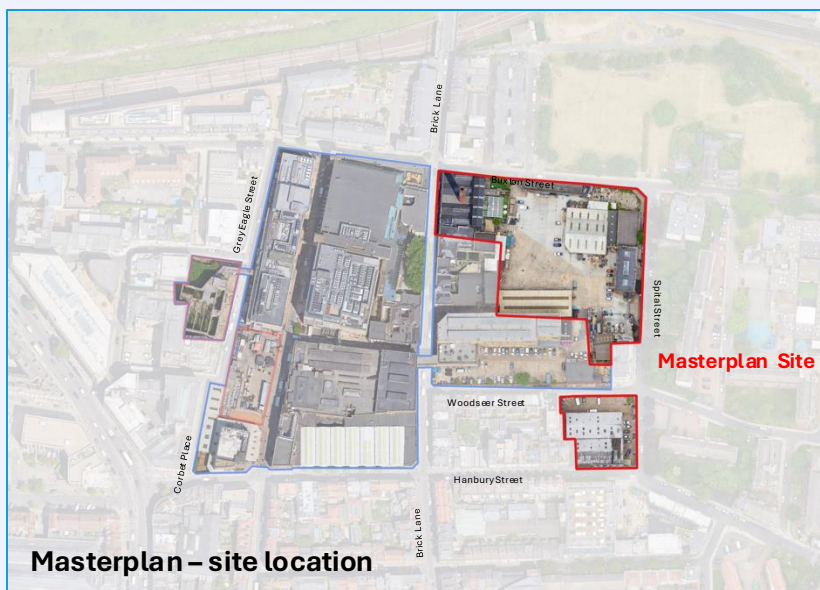


The Proposed Development and Truman Brewery

Masterplan

Scheme description

The Masterplan (The Proposed Development) includes the area bounded by Buxton Street, Spital Street, Woodseer Street and Brick Lane and land bound by Woodseer Street, Spital Street and Hanbury Street. Involves the partial demolition of existing structures and refurbishment of Boiler House and Cooperage, and construction of five new buildings comprising approximately 35,000sqm GIA of Residential, Office, Retail, Restaurant, Community use, Supermarket, Microbrewery, Market space, Cinema, Exhibition/Event space of Use Classes E (a), (b), and (g), Use Class F1, F2, Sui Generis, and Use Class C3, reaching a maximum height of approximately 29m AOD (42.78 AOD) and all other works shown on the submitted drawings.



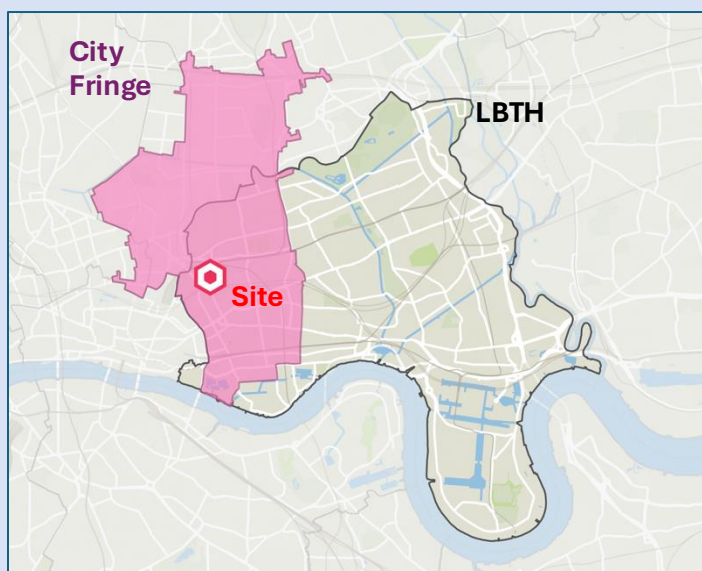
Masterplan – site location

In total, the Masterplan Site delivers 18,856m² of new commercial space alongside 44 new residential units, replacing the c.5,000sqm of existing space on-site. The Applicant aims to relocate all the current businesses at the Masterplan site elsewhere within the estate.

Truman Brewery Estate

The site is located in the Truman Brewery Estate. Truman Brewery is well known for being a hub for arts and creative businesses, and is home to over 200 workspace businesses, 100 independent retail, food and drink businesses, 200 market stalls, and over 20 exhibition and event spaces.

The Estate is currently unable to accommodate a rising demand for workspace from creative businesses, and aims to address this through a redevelopment plan including two other planning applications in addition to the Masterplan Site: Ely's Yard and Block A. The Project (all three applications) would deliver a total of 16,049m² of new office space (net internal area), alongside 4,640m² of event, retail, F&B and community space, 5,266m² of data centre space and 44 residential units. The Project aims to secure the future vision for Truman Brewery as an ecosystem that can support small and growing businesses, and particularly those in creative industries.



The site location

The site is located on Brick Lane, within the area of the London Borough of Tower Hamlets (LBTH) referred to as the City Fringe.

The City Fringe is an opportunity area for the development of new commercial space, as defined in the London Plan and the LBTH Local Plan.

The City Fringe aims to support the growing digital and creative cluster of businesses between Whitechapel and Hackney, and particularly to continue to ensure that sufficient provision of under-threat commercial space is delivered to meet the needs of these sectors.

Commercial market context

Tower Hamlets economic profile

Key stats for LBTH

LBTH is the second most productive local authority in the UK, behind the City of London

Employment and output per worker by local authority, 2021



305,000 jobs

More than 5% of all jobs in London as of 2022



186,000 office workers

61% of all jobs in LBTH, compared to 43% in London



£38bn economic output

In 2021, equating to an output per worker of £124,000

ONS Business Register and Employment Survey and Economic Activity

Employment

800,000

600,000

400,000

200,000

0

£0

£30

£60

£90

£120

£150

Output per worker £000s

Each dot represents one local authority (size shows total output)

Westminster

City of London

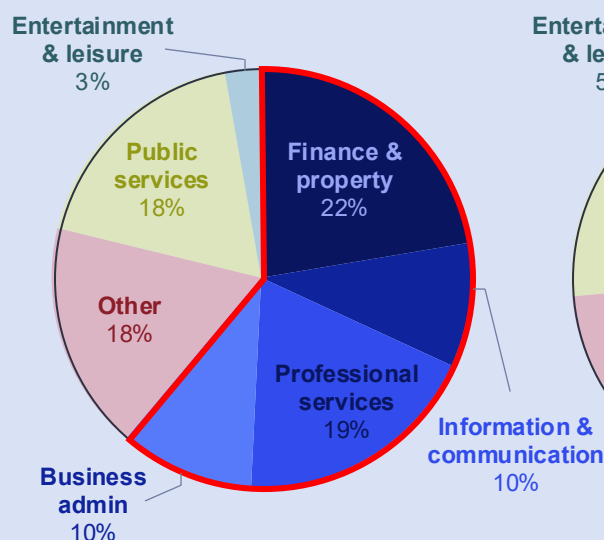
LBTH

ONS, 2023. Business Register and Employment Survey and Subregional Productivity

Employment within LBTH

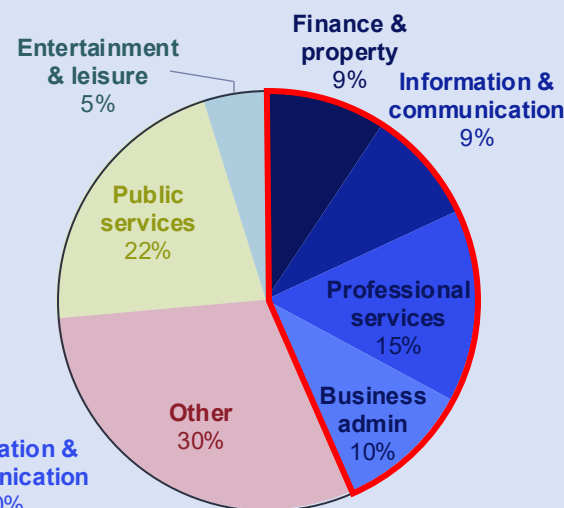
- LBTH is a highly employment-focused area.
- For every 100 residents in LBTH there are 98 jobs, compared to 65 across London.
- Employment in LBTH is dominated by office jobs.
- Particularly financial, property and professional services (41% of jobs compared to 24% across London).

Tower Hamlets



LBTH office employment = 61% of jobs

London



London office employment = 43% of jobs

Commercial market context

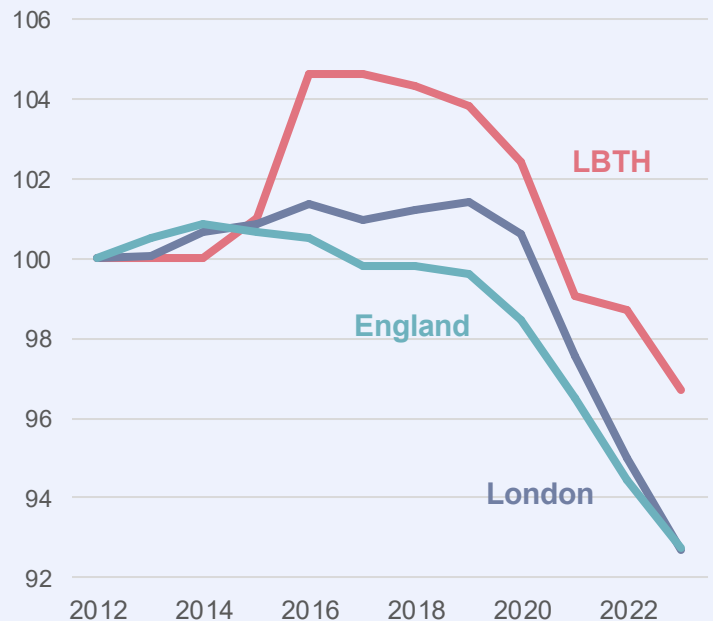
Tower Hamlets economic profile

The profile of office space in LBTH

- LBTH has a strong office sector, with 61% of its jobs and 62% of its commercial space in office-based industries.
- As of 2023 there was a total of 3.6 million m² of commercial space in LBTH.
- However, the stock of office space across LBTH has fallen in recent years, despite growing employment.
- LBTH office stock is disproportionately focused on large occupiers. Half of LBTH office space is in footprints larger than 10,000m², compared to a quarter of office spaces in the City.
- Larger office spaces in LBTH are predominantly located in Canary Wharf, with smaller spaces to the west of the borough.

The supply of office space in LBTH and wider geographies has fallen over the past 10 years

Index of change in office space, 2012 = 100



Volterra analysis of VOA, 2023. Non-Domestic Rating Summary Valuations.

VOA, 2023. Non-Domestic Floorspace Summaries

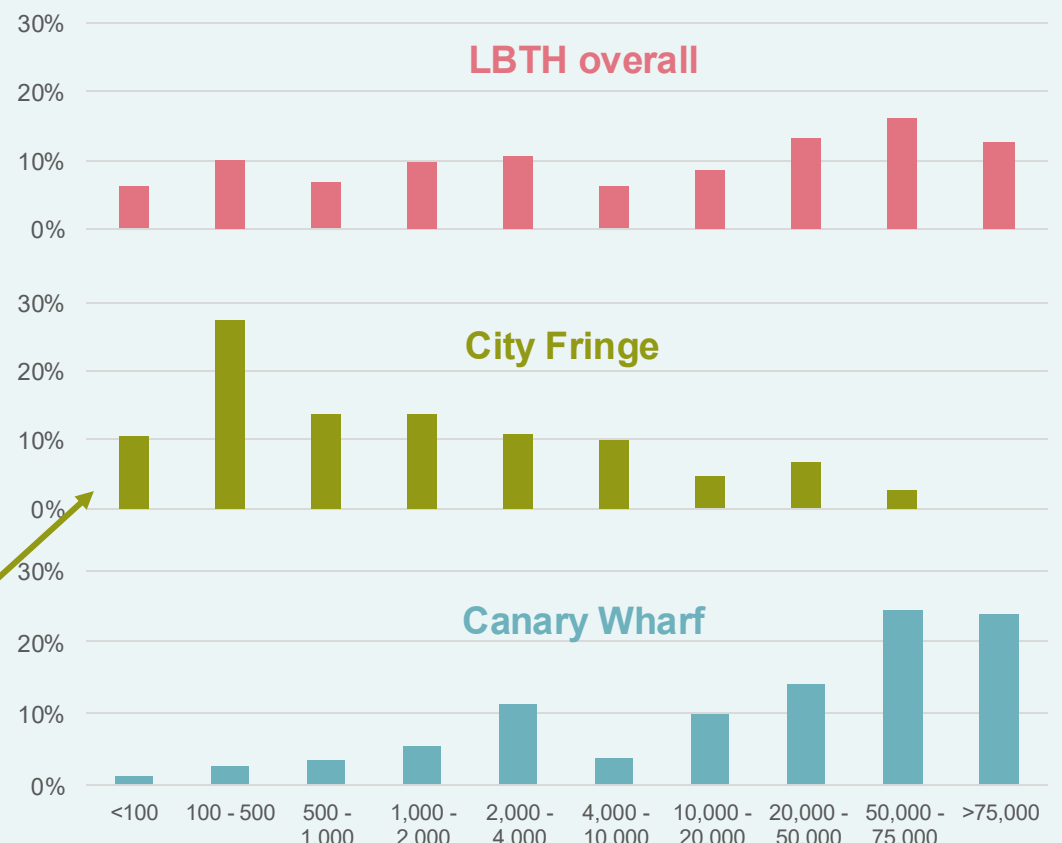
This graph shows an estimated breakdown of the different sizes of office units across LBTH.

Whereas half of office space in Canary Wharf is in footprints over 50,000m², office spaces in the City Fringe serve smaller businesses (98% of space is under 50,000m²).

More than half of office spaces in the City Fringe are in less than 1,000m² footprints.

10% of office space in the City Fringe are in footprints smaller than 100m²

Proportion of office space within size bands (m²)



Commercial market context

Changing market trends

Office market trends



Flight to quality

To attract skilled staff, businesses are increasingly demanding high-quality, 'destination workspaces' in attractive places. This is being reflected in the divergence of the demand for high- and low-quality space in London.



Focus on sustainability

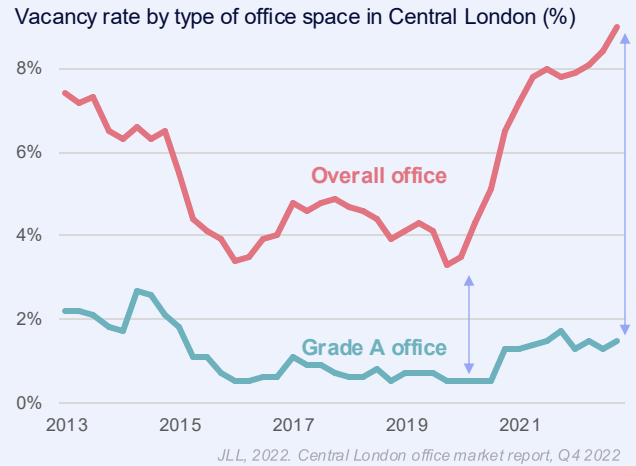
Businesses are seeking office space that helps meet ESG targets. In combination with changes in legislation, this has resulted in heightened demand for offices that meet these criteria.



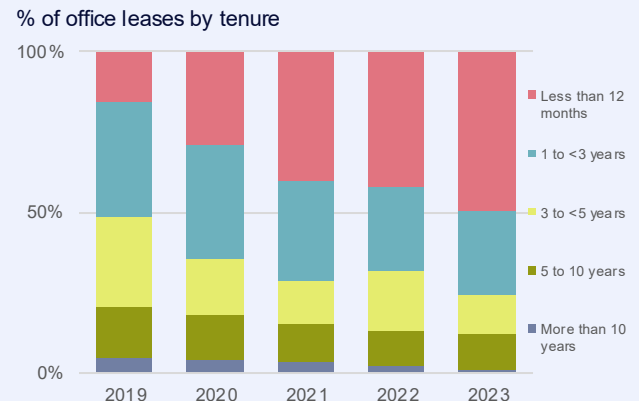
Flexibility of space

Businesses are now demanding flexible spaces that can meet hybrid working needs and that can be scaled up and down as required. This has driven demand for shorter leases and serviced spaces.

Flight to quality - In recent years there has been a diversion in the vacancy rate for high- and low- quality office space in Central London



Flexibility of space - Almost half of UK office leases are now for less than a year



FT, 2023. UK office leases shorten as workers stay at home

Retail and leisure market trends

In the face of changing consumer demands, the retail and leisure markets are undergoing a transformative shift. High streets and town centres find themselves needing to reinvent to captivate today's consumers.



Rise of the experiential

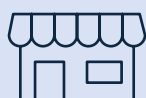
Consumers now demand engaging places have experiential offers. *"The challenge [for town centres] will be to provide attractive places and create experiences that will appeal to existing and new consumers across all ages and socioeconomic groupings"* LBTH Retail & Centres Study 2023



The need for a mix of uses

Mixed-use offers that combine retail with residential, office, and recreational spaces can take advantage of existing synergies, and make new retail spaces complementary.

Across the UK, these sectors are responding to three critical trends.



The importance of independents

Independent retailers often provide unique products and personalised experiences that are not found in larger chains. Independent shops are increasingly seen as contributing to the character of authentic places.

Need for commercial space

Supply and demand of commercial space in LBTH

Forecast demand for commercial space in LBTH

- In the emerging Draft Local Plan, LBTH forecast that the borough is estimated to grow by a total of 33,267 jobs over the period 2023-2038.
- LBTH identifies a need to support this expected growth with new commercial space, to meet the needs of growing businesses.
- LBTH identify a need for an additional 212,500m² of office space to support this growth between 2023 and 2038.
- The emerging Draft Local Plan identifies that there is a need in particular to support the strong demand for workspace that provides local independent businesses and start-ups space to grow.

Forecast employment growth and office space need in LBTH

Indicator	Total over period (2023-2038)	Forecast annual change
All jobs	33,267	2,218
Office jobs	18,808	1,254
Office floorspace m ²	212,500	14,167

Reproduced from figures in LBTH, 2023. New Local Plan

Pipeline office space in LBTH

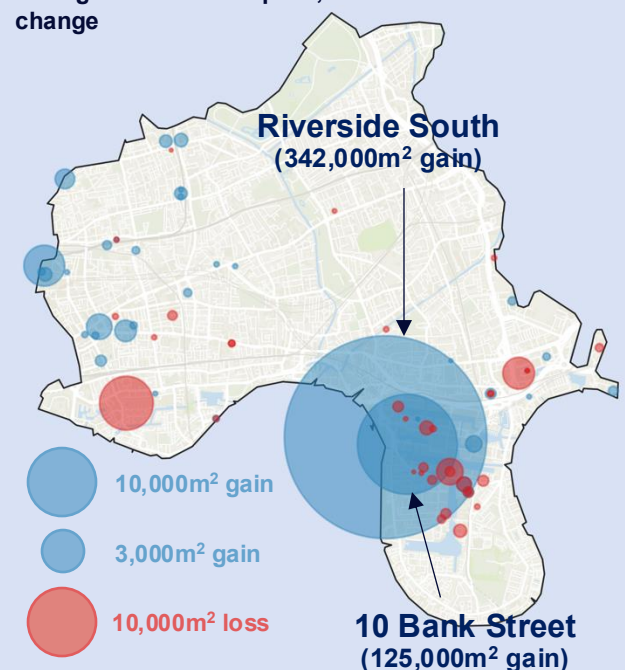
There is a very large pipeline of workspace in LBTH, with over 1m m² of net consented development. However, as identified in local policy, there are two reasons why in spite of this, additional development is required in this particular location:

1. Much of this pipeline is in large consents that will not be delivered. More than 25% of this pipeline is in the scheme of Riverside South, where work has been on hold since 2015. There is currently a net change of less than 80,000m² of pipeline development in the City Fringe.
2. The pipeline primarily serves larger businesses, where demand has dropped since the pandemic. More than 60% of the pipeline is in schemes with more than 100,000m² of space. There remains a need to serve smaller businesses.

There remains a need to deliver new space that meets the needs of small, medium and large businesses in the west of the borough.

Pipeline of LBTH development resulting in changes in B1 or class E workspace

Changes in net floorspace, size reflects m² of change



Using data from GLA, 2023. Planning London Datahub. Data correct as of April 2023.

*"There is a **very large pipeline of office space** that will more than satisfy forecast demand. And given that large schemes are highly unlikely to proceed without a significant pre-let, **some of this pipeline is unlikely ever to be built**, at least as pure office schemes. It also cannot be over-emphasised that the great majority of the enormous supply capacity will never be appropriate to SMEs: it is designed, specified and priced according to the priorities of corporate office occupiers. There is thus a real danger that within an apparent overall picture of plenty, there will be acute shortages of certain types of space."*

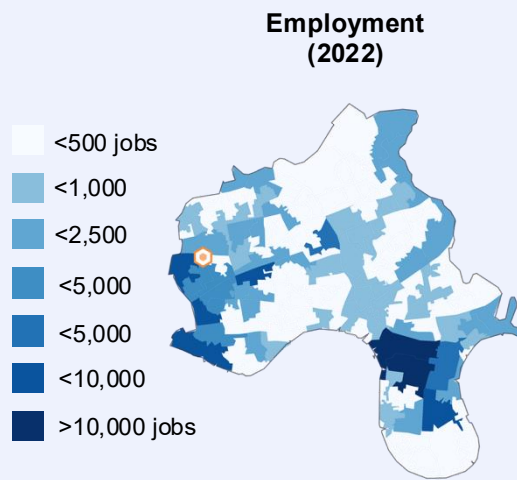
– LBTH Employment Land Review 2023

Changing economic geography

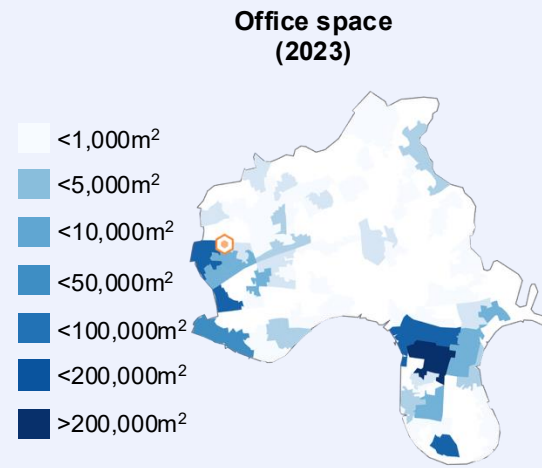
How have the drivers of growth in LBTH shifted?

Where are jobs and floorspace located in LBTH?

- LBTH's office sector is focused on Canary Wharf and the City Fringe.
- These two areas support more than 95% of the office jobs in LBTH.
- Canary Wharf focuses on spaces for large multinational organisations and the City Fringe contains smaller spaces for businesses.



ONS, 2023. Business Register and Employment Survey



VOA, 2023. Non-Domestic Floorspace Rating List

3.6 million m² of commercial space in LBTH, of which:

1.7 million m² in Canary Wharf

890,000 m² in the City Fringe area

2.3 million m² in office use

380,000 m² in retail use

Growth of the City Fringe

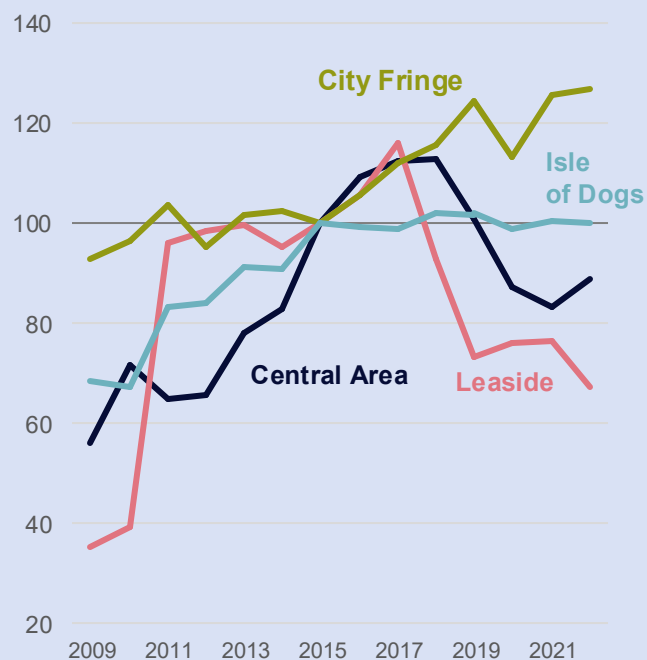
- Canary Wharf has historically been the focal point for employment growth in LBTH with large office developments bringing in international companies.
- The area supported 85% of all new jobs created in LBTH between 1995 and 2008. However, recently, this growth has slowed, with other areas of the borough contributing much of recent growth.
- This is particularly true for the City Fringe, driven by growing numbers of smaller businesses.
- From 2015 to 2022, the City Fringe saw a 27% job growth, adding 10,000 jobs, while employment declined in the other three LBTH sub-areas.
- As part of the City Fringe, Brick Lane Town Centre is designated for office use to support demand for workspace in the area.

"The employment geography of Tower Hamlets is dominated by Canary Wharf and the City Fringe. These are complemented by a network of smaller employment centres, with a greater focus on servicing the resident population. Emerging creative, digital and ICT hubs can be seen in Bethnal Green, Brick Lane, Cambridge Heath and Whitechapel."

– LBTH Employment Land Review 2023.

Since 2015, the City Fringe has grown faster than other areas of LBTH

Index of office employment for LBTH's four sub-areas, 2015 = 100



Volterra analysis of ONS, 2023. Business Register and Employment Survey. The number of jobs in the Leaside area is significantly smaller than the other sub-areas (less than 3,000 jobs in 2022), and as a result its growth is much more volatile.

Changing economic geography

Future workspace trends and the rise of the City Fringe

Recent patterns of growth

- Office vacancy in the City Fringe has recovered faster after the pandemic than other areas of LBTH.
- In the City Fringe, the availability rate for office space has fallen 3 percentage points below its covid peak (a faster recovery than other key markets in London).
- The availability rate for office space in the City Fringe is now approximately half that of Canary Wharf, reflecting stronger demand for the smaller footprints in the area (typically under 200 sqm for SMEs).

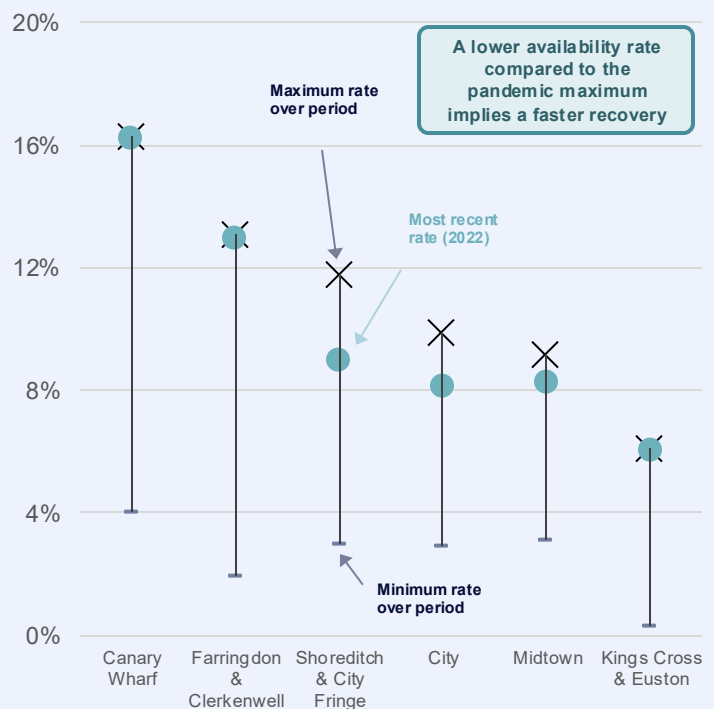
"The west of the Borough is an attractive location because; proximity to the City, lower rents compared inner London, and availability of new space being developed. To the west of the Borough buildings provide smaller floorplates than Canary Wharf."

"whilst vacancy rates are slightly above frictional levels for the City Fringe and probably reflect cyclical factors, in Canary Wharf they are double the standard frictional rate and may reflect more structural factors"

– LBTH Employment Land Review 2023

The availability rate for office space in the City Fringe is half that of Canary Wharf

Availability rate (%) and historical change by sub-market, Q1 2013 – Q2 2022 including minimum and maximum rate over period



Central London Forward, 2022. The future of the office in central London

Market trends

What are the outcomes?

How will the City Fringe be impacted?



Flight to quality

- Gap in demand between highest and lowest quality workspace increasing
- Businesses seeking new space with amenities and leisure offer

- Rising demand for highest quality spaces
- Shift towards spaces in area with existing amenity offer in City Fringe



Focus on sustainability

- Significant demand reduction for less sustainable space

- Need to upgrade unsustainable space to meet business demands
- Rising demand for sustainable locations



Smaller, more flexible spaces

- Businesses downsizing office floorspaces
- Lease lengths declining
- Rise in demand for serviced offices

- Shift in demand towards flexible workspaces located in the City Fringe



Growth of alternate sectors

- Rise in demand from sectors that are not seeking traditional office workspaces, including life sciences and creative sectors

- Rise in demand from the creative economy for which the area already has a significant presence

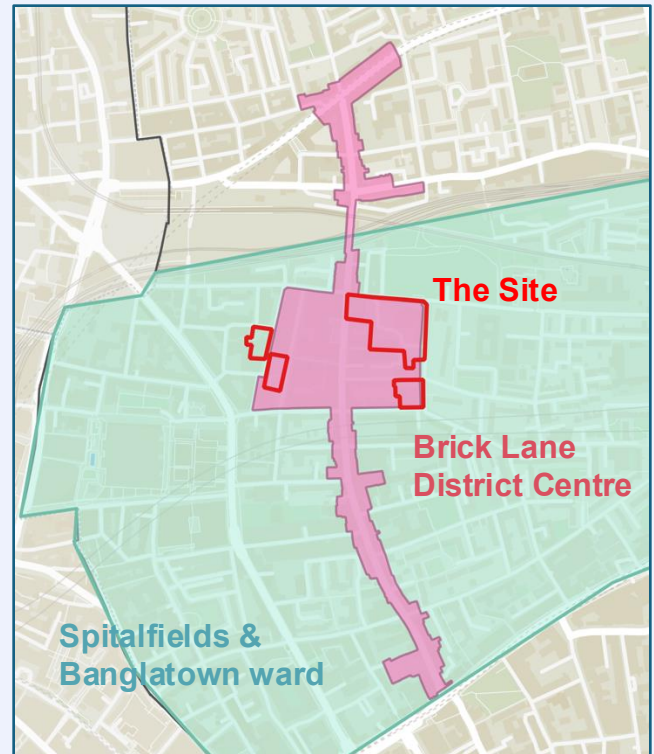
Need for commercial space

Need for retail space

The need for retail space in LBTH and Brick Lane

- LBTH policy focuses on the retention and expansion of retail offer in the borough's eight town centres.
- The Proposed Development is in the Brick Lane District Centre area, the borough's second largest centre after Canary Wharf.
- Brick Lane is one of the most unique district centres in London, described in the LBTH Town Centre & Retail Study 2023 as having a unique offer of independent retail and F&B businesses, and is well-known for its markets and as a base for the creative arts.
- Brick Lane has a range of independent retail and F&B shops which run down its high street, alongside markets (including at Truman Brewery) and a night-time economy that draws in visitors.
- The LBTH Local Plan 2031 highlights the need to promote a mix of uses, in addition to offices, that reinforce the character of independent shops and the distinctiveness of the Brick Lane district centre.

Location of the site within the Brick Lane District Centre



Opportunities for Brick Lane

- Brick Lane benefits from many features that make it an attractive destination for visitors and for independent shops and businesses.
- However, despite these advantages, vacancy rates for retail spaces in Brick Lane are above the national average. 17% of shops (59 units) were vacant in 2023, according to the LBTH Town Centre & Retail Study, compared to 14% nationally.
- There remains a need to expand the offer of Brick Lane to make sure that a range of visitors are attracted to the area, and to ensure that independent businesses have access to retail spaces.
- The LBTH Town Centre & Retail Study highlights a need to expand on the offer of the creative arts and evening/night-time economy of the area, building in a wider mix of uses alongside the existing F&B and market offers.

Retail vacancy rates

17%

Brick Lane

14%

UK average

Opportunities for Brick Lane

- Delivering a wider mix of uses that continue to promote independent business
- Supporting the night-time economy in a way that is inclusive and respectful of local residents
- More events and community spaces to ensure footfall from residents and visitors

Spitalfields & Banglatown local context

Economic profile of Spitalfields and Banglatown

In Brick Lane and Banglatown there are an estimated total of:



30,000 jobs

11% in creative industries compared to just 8% across LBTH.



353,000m² commercial space

60% of which is office space (in line with 64% across LBTH).



1,800 registered business

Of which 99% are SMEs. 20% are in retail, food & accommodation sectors.

Data sourced from: ONS, 2023. Business Register and Employment Survey, ONS, 2024. Business Population Estimated, and VOA, 2024. Non-domestic rating: stock of properties

The profile of Spitalfields & Banglatown

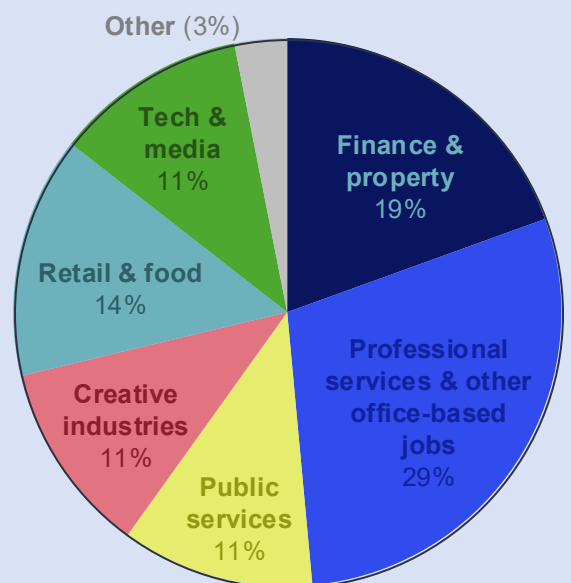
Spitalfields & Banglatown is a highly commercial focused area of London. The area is known and has attractions that draw international and domestic visitors. Located in the City Fringe, the area faces growing demand from both commercial and residential uses.

Brick Lane is the main town centre or high street within Spitalfields & Banglatown. This area is described in NESTA's Case studies of four innovative places (2010) as:

"a favoured location for young fashion designers, retailers and others in the creative industries. [...]"

The dominant creative and cultural sectors in Brick Lane are characterised by microenterprises and self-employed entrepreneurs involved in businesses with quick product turnover, constant innovation and risk. Their organisation is better described as networked, rather than dominated by firms."

How is employment in Spitalfields & Banglatown distributed?



ONS, 2023. Business Register and Employment Survey

The creative economy:

3,500 jobs

are in creative industries, across 540 businesses.

11% of jobs

are in creative industries, including architecture, arts & crafts, design, fashion, film, video, photography, music, R&D and more

Spitalfields & Banglatown local context

Local business needs

Changing economic profile

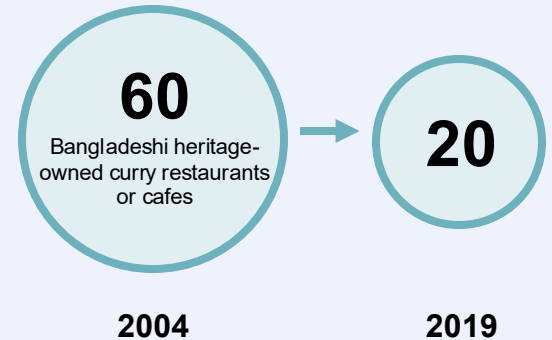
The Proposed Development sits within Brick Lane, designated as a district centre by LBTH. LBTH's recent evidence base describes the centre as synonymous with the creative industries and the well-established Bangladeshi community and restaurants.

In recent years, independent retail and leisure businesses in the area have been affected by changing retail trends, and the loss of footfalls expenditure to other areas.

This impact has resulted in a decline in the number of independent curry houses for which the area is synonymous. From 2004 to 2019, there was a **67% decline in curry houses** on Brick Lane, leaving 20 restaurants before the pandemic.

The existing evidence base highlights an accompanying rise in creative industries locally, which have sought to benefit from colocation alongside other businesses. This growth has driven a wider mix of activity across the area.

The number of curry houses in Brick Lane has fallen significantly since the mid 00s



Information from Beyond Banglatown 2020

“Emerging creative, digital, and ICT hubs can be found in areas such as Bethnal Green, Brick Lane, Cambridge Heath, and Whitechapel.”

– Tower Hamlets New Local Plan

Loss of night-time uses

In the last 5 to 10 years, a noticeable drop in night-time business activity has been reported by local entrepreneurs along Brick Lane.

A recent survey highlighted that only approximately 30 of the 200 ground floor units on Brick Lane stay open after midnight.

This compares to 41% of restaurants opening past midnight in the mid 00s, at which time more than two thirds of curry house owners wished to see an extension in opening hours.

The reduction in late-night operations has particularly impacted the performance of food and beverage outlets, which depend heavily on drawing in customers during the evening hours.

Only 30 of the approximately 200 ground floor units on Brick Lane surveyed are open beyond midnight
Ground floor units open at midnight on Brick Lane



Information taken from Publica analysis and survey.

“Now you don’t have anything like the same number [during the evening and night-time] – not even half, not even a quarter of the people. Brick Lane has lost its image!”

“After 11 o’clock, there’s nobody here. [There] used to be hundreds. By 5 o’clock, this [restaurant used to] be heaving with people, it was very good. [The Vibe Bar] was why people used to come in from all over the world”

– Responses to Beyond Banglatown 2020 consultation.

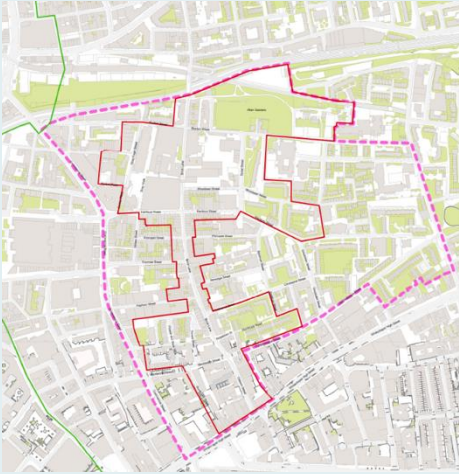
Summary of local business needs

- Support drawing in visitors to spend locally
- New night-time use types to widen the offer of Brick Lane
- Affordable workspaces and retail spaces
- Space for the growing creative industry presence locally
- Space for independent businesses and non-high street retail

Evolution of Brick Lane

The future priorities of the local community

Spitalfields & Banglatown Masterplan SPD



LBTH, 2023. Spitalfields and Banglatown Masterplan SPD

- LBTH has completed statutory consultation with residents and businesses to understand the priorities for the local community as part of the Spitalfields & Banglatown Masterplan SPD and has published a draft document.
- The results of the first consultation exercises in this process have been made publicly available by LBTH, including: early engagement findings from April-June 2023, and Event 1 and 2 presentations from November 2023 summarising feedback to-date.
- The below section summarises local priorities relating to commercial development from the current Spitalfields & Banglatown engagement information.

Key objectives for local residents and businesses

Preservation of businesses: Emphasising supporting and promoting local businesses and startups.

Affordable workspace provision: Ensuring the availability of affordable workspace.

Diverse trade and retail: Maintaining a diversity of trade and retail options, including medium and large businesses, that cater to the needs and preferences of the local community.

Community and cultural spaces: Creating more spaces to foster social cohesion, cultural expression, and community engagement.

Strategic commercial strategy: Adopting a wider commercial strategy that: supports small businesses benefits existing populations, and emphasises community wealth-building, the retention of younger demographics, and varied tourism strategies to foster a balanced economic environment.

Quotes from engagement

"Small local businesses & start-ups should be recognised for their community role, with future development actively seeking ways to support and promote them"

"People want a diversity of trade and retail restored, supported and maintained. We didn't hear desire for more chain or upmarket retail; that can be found close by, and Brick Lane's distinct character is valued as an alternative"

"A diversity of trade and retail needs to be restored, supported and maintained"

"Development on the Truman site should be a mix of uses"

"More community and cultural spaces are needed with activity inside and outside. This should include space for young people, and affordable cinema". This should [also] include community infrastructure like GPs, useful shops, and cafés that appeal to local people.

"Support for small business within a thoughtful wider commercial strategy. Requests include affordable rents, vacant buildings opened for use, proactive support e.g. (i) public-agency-run affordable workspace or (ii) Truman playing a role – perhaps with LBTH – in applying for grants on behalf of small businesses"

The Truman Brewery

Existing estate context

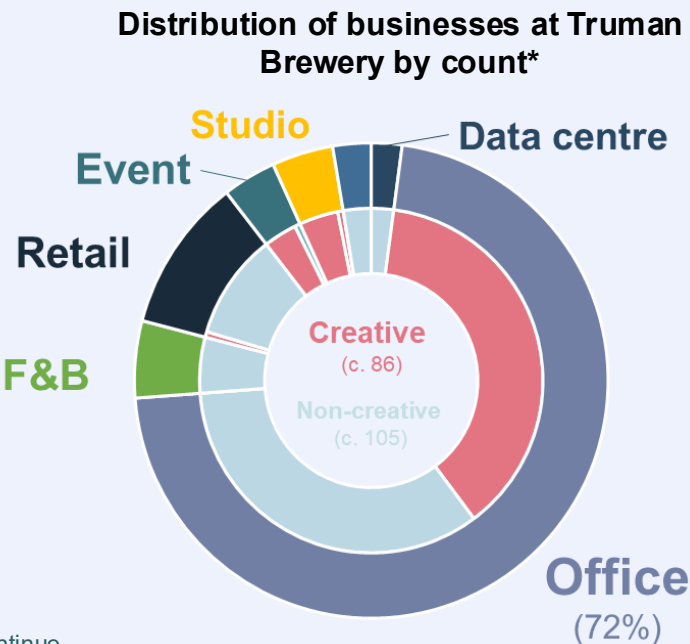
Makeup of existing occupiers

Truman Brewery is well known for being a hub of creative businesses, primarily offering workspace and office facilities for small, medium and large independent and creative businesses.

Office workspaces are the predominant type of commercial space on-site, accounting for about 20% of the total floorspace and housing 72% of the occupants at the Truman Brewery.

In addition to office spaces, the Truman Brewery hosts a diverse array of supporting amenities that bolster its creative cluster. This includes F&B outlets, retail spaces, and venues for events and exhibitions, as well as data centres. These facilities complement the site's creative offerings, and play a crucial role in attracting visitors, enhancing the Truman Brewery's status as a dynamic hub for creative and cultural activities.

The Estate confirms it does not currently have sufficient space to continue accommodating the rising demand for workspace from creative businesses.



* Information provided by the Applicant, correct as of April 2024. Figures exclude market traders

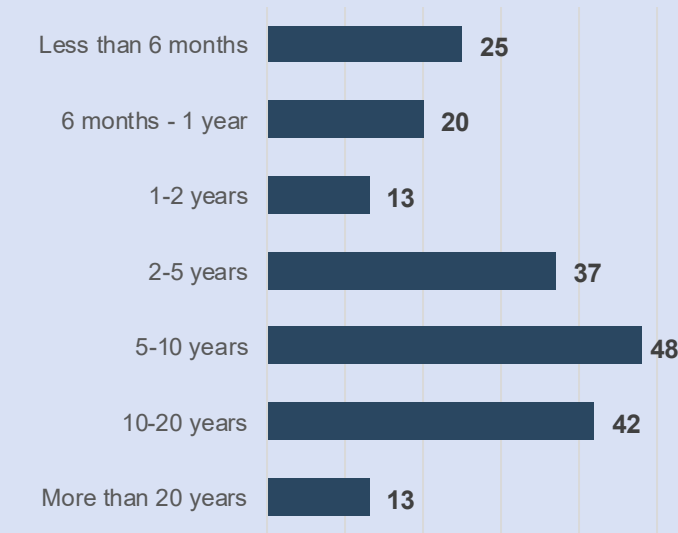
How has the ecosystem evolved?

Both the spaces on-site and their management has contributed to the creation of a sustainable ecosystem on-site that allows creative businesses to thrive. This has been driven in part by the following factors:

- **Smaller spaces** – with 72% of lettable spaces less than 100m², catering to the needs of micro-enterprises and individual artists and designers.
- **Flexible lease terms** – with 90% of tenancies let on flexible lease agreements, meeting the dynamic needs of highly adaptable creative businesses.
- **Affordable spaces**– with smaller spaces on-site offered at £30-£40 per sqft, the site provides an option for creatives looking to be in the City Fringe.
- **Tenant-focused management** – throughout its operation of the site, the Applicant has provided a unique management approach for tenants with frequent engagement to understand changing requirements.
- **Clustering of a variety of businesses** – larger, more established businesses serve as anchors and smaller businesses provide innovation, creating a vibrant business landscape.

More than a quarter of occupiers have been on-site for longer than 10 years

How long have current occupiers been at Truman Brewery?



Information provided by the Applicant, correct as of April 2024. Figures exclude market traders

These factors contribute to the development of the cluster on-site with the result that many of the businesses are long-term occupiers at Truman Brewery. 27% of current occupiers have been at Truman Brewery for longer than 10 years.

Impact of the Proposed Development

Growing and sustaining what already exists and creating new pathways in for all

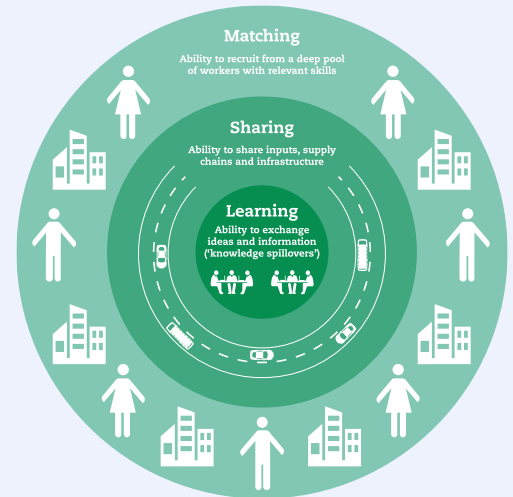
The benefits of clustering for creative businesses

Creative industries are dominated by micro enterprises, young businesses and freelancers. These businesses do not have the resources for extensive R&D, to retain skilled staff in lean periods or undertake support and skills training.

Creative industries are also more likely to benefit from knowledge sharing through informal networks. Therefore, clusters of creatives supported via hubs, information networks, and shared skills can work more effectively.

Current economic policy work promotes government support and investment in creative clusters to create more opportunities and greater growth for the UK economy, with benefits for creative businesses themselves and for local communities.

The benefits of agglomeration



Source: Centre for Cities, 2023. *The Impact of Agglomeration*

How does the Proposed Development contribute to Truman Brewery as a creative cluster?

The types of spaces and the way they have been managed on-site has contributed to the development of the current creative cluster. In 2010, NESTA referred to Truman Brewery as a 'critical cultural anchor' for creative businesses in the area as a result.¹

The Proposed Development aims to secure the vision for Truman Brewery in the future, providing new spaces to meet the needs of businesses, and new resources to continue to enable the Estate to operate as it currently does, providing an environment for creative businesses to thrive.

Supported by the **Public Benefits Statement**, the Proposed Development would secure the benefits on-site for creative businesses and ensure that these benefits are felt by local communities.

Contribution to the creative cluster:

- Delivering new floorspace for creative businesses
- Delivering designated affordable workspace for businesses that otherwise would not be able to access it
- Widening the offer of supporting uses at Truman Brewery
- Continuing to provide the flexible management and terms that support the development of a creative ecosystem
- Relocating existing on-site businesses within the Estate

1. NESTA, 2010. *Brick Lane: Local Knowledge: Case studies of four innovative places*

Economic impact

Impact of Masterplan

Amount of space delivered by the Masterplan (NIA)

Use type	Existing site	Masterplan site	Uplift on existing
Office	790	13,630	12,840
Other employment generating	4,079	5,218	1,139
Residential	0	3,010	3,010

The Masterplan site currently supports approximately 150 jobs through its commercial spaces. The Masterplan Site redevelopment aims to enhance the area by introducing new spaces that attract visitors and workers, and for the first time, will offer housing within the Truman Brewery. This project is designed to invigorate and open up the site to the community.

Summary of additional economic impacts of the Masterplan

Impacts beyond current activity on-site

Workers

1,495

Net additional full-time equivalent (FTE) jobs on-site

260

Jobs for local residents (in line with LBTH policy of 20% of gross jobs)

£2.1m

In local expenditure each year

Residents

44

New residential units

35%

Of new habitable rooms in affordable units, meeting policy requirements

£500,000

In local expenditure each year

Visitors and new footfall

31,400

Increase in footfall from visitors and pedestrians

£48m

In new expenditure outside the site each year

Overall

£130m

Additional economic activity in gross value added (GVA) terms

£4.7m

Additional business rates payments, including £0.8m retained by LBTH in addition to an estimated £3.9m in CIL payments²

2. Community Infrastructure Levy (CIL) estimates based on 2024 m² GIA rates

Economic impact

Impact of the overall Project

Once operational, the three applications together would deliver the following (gross) impacts at the-site:

1,520



Full-time equivalent (FTE)¹ jobs on-site

With 305 jobs going to Tower Hamlets residents in line with local policy (20%)

95



New residents on-site

Within the 44 new residential units delivered

31,400



Approximate increase in local footfall each week

With new visitors attracted to the new commercial spaces, public spaces and facilities on-site

£57m - £74m



In annual public revenue

Including approximately £1.5m in business rates retained by LBTH, and £4.5m in CIL payments³

Net additional impacts

The overall Project would deliver new commercial and residential floorspace, uplifting the amount and level of economic activity compared to the current site.

When compared to the 125 full-time equivalent (FTE)⁴ jobs on-site, the Project would provide an uplift of 1,395 FTEs onsite.

After considering the impact of displacement and multiplier effects, the Project is estimated to result in 1,775 net additional FTEs, with 1,555 going to London residents under current commuting patterns.

The additional employment supported on-site would deliver an estimated £159m increase in economic output and a £48m - £64m increase in government tax revenues. Considering the impact of business rates payments alone, the Project would deliver more than £1m in additional payments directly to LBTH each year. The Project would also contribute approximately £4.2m in additional CIL rates each year.



1,775 net additional FTEs

With 1,555 FTEs going to London residents



£159m uplift in economic output

£151m by new office workers and creative businesses on-site



£52m - £68m additional public revenue

with over £1m in business rates directly retained by LBTH and £4.2m in CIL payments

3. Community Infrastructure Levy (CIL) estimates based on 2024 m² GIA rates

4. Full-time Equivalent (FTE) – the number of total hours worked as a proportion of the average annual hours worked in a like-for-like full-time job (HCA Density Guidance, 2015)

Economic impact

Impact of the overall Project

Delivering additional expenditure locally

The three applications would provide an uplift in economic activity on-site, which would create additional expenditure in the surrounding area for local businesses.

The additional expenditure would occur as a result of the new activity from on-site residents, workers and visitors.

Once operational, the Project is estimated to support 95 new residents, 1,395 additional full-time equivalent jobs (FTEs), and an additional 31,400 new visitors each week.

In total, these three groups are estimated to spend a total of £80m, with much of this figure (approximately £48m) anticipated to be spent locally and outside Truman Brewery.

Residents

95 residents on-site

Workers

1,395 additional FTEs on-site

Footfall

Approx 31,400 additional footfall each week

Estimated additional expenditure at the Project

	Locally, outside Truman Brewery	LBTH	Total
Residents 	£0.3m	£0.5m	£1m
Workers 	£2.7m	£2.7m	£2.7m
New visitors & footfall 	£45m	£76m	£76m
Total 	£48m	£39m	£80m

Impact of the overall Project

How would development meet local needs?

Local need	What is the local need?	How would the proposed development address the need?
Need for new commercial space across LBTH	The need to deliver new floorspace to meet the needs of growing economic activity and numbers of businesses in LBTH, particularly creative businesses	• By delivering new office, retail, F&B and other mixed-use commercial space • By delivering new commercial space targeting small, medium and large creative businesses
Changing economic geography within LBTH	The need to deliver new space to meet the changing profile of where activity takes place in LBTH, with new flexible business space in the City Fringe	• By contributing to the offer of the City Fringe with new, high-quality space • By delivering more than 16,000m² of new flexible workspace
Wider commercial market trends	The need to meet the current requirements of businesses, providing more flexible and sustainable spaces with supporting amenities	• By delivering new commercial space that would meet best-in-class sustainability standards, and offer serviced space on flexible terms • By delivering workspace in an area with many supporting amenities
Local business needs	The need to draw in additional visitors and footfall to spend in local businesses	• By supporting new workers, residents and visitors delivering an estimated £45m in expenditure for local businesses
	New night-time use types to widen the offer of Brick Lane	• By widening the types of uses locally and delivering more uses that contribute to and support the night-time economy.
	The need for affordable workspaces and retail spaces for businesses, and particularly independent businesses and non-high street retail	• By delivering workspace and retail/F&B space in variety of sizes to support different needs • By delivering at least 10% of new space as affordable workspace
	The need for additional space in Spitalfields & Banglatown and the City Fringe to support the growing creative industry presence	• By delivering space that targets creative sector occupants to build on the existing hub of creative businesses on the Estate

Appendix 1)

Economic impact methodology

Estimating employment on-site

The application site is currently estimated to support 150 jobs, based on information provided by the Applicant correct as of April 2024.

The employment at the Proposed Development is estimated by applying standard job density ratios from the Homes and Communities Agency Employment Density Guide (3rd Ed) to the new floorspace generated by the Proposed Development. This methodology calculates the number of full-time equivalent (FTE) jobs supported (1,520 across the three separate applications). These figures are then converted into an estimated number of jobs, accounting for the proportion of workers who work part-time in a given industry (a total of 1,655 jobs).

Gross additional employment supported by the Proposed Development is calculated based on estimated employment arising from the proposed employment-generating floorspace, minus existing employment on-site. This results in a total of 1,395 additional FTEs and 1,510 additional jobs.

Calculation of estimated employment supported at the Proposed Development

Use type	Area (sqm NIA)	Density	FTEs	Jobs
Office	16,049	12	1,335	1,430
Event space	2,362	70	35	40
Retail	1,590	17.5	90	115
Food & beverage	577	17.5	35	45
Data centre	5,266	360	15	15
Microbrewery	271	47	5	5
Community (gallery/studio)	109	36*	< 5	5
Commercial art gallery	106	208	< 5	0
Total	26,330	-	1,520	1,655

* Density based on GLA, 2017. London Employment sites Database 2017

Estimating residents

To estimate the number of residents at the Proposed Development, the GLA Population Yield Calculator (v3.2) has been used. The number of units at the Proposed Development and the geographical aggregation of Inner London (PTAL 5-6) is used to estimate resident numbers.

Sources:

Homes and Communities Agency, 2015. Employment Density Guide (3rd Ed)
GLA, 2017. London Employment sites database 2017

Estimating footfall

The new footfall delivered the Proposed Development once operational is taken from the results of daily pedestrian modelling done as part of the **Transport Assessment** submitted alongside the planning application.

The number of FTE workers supported by the Proposed Development (1,520) is removed from the estimates of new daily pedestrian movements to estimate the number of new visitors to the Masterplan Site of the Proposed Development.

Appendix 1)

Economic impact methodology

Estimating net effects of activity

Alongside the direct or gross employment supported by the Proposed Development, it is standard practice to consider the net additional impact of employment generation resulting from the Proposed Development – i.e., the net changes that are brought over and above what would take place anyway.

The HCA Additionality Guide provides a framework for estimating the net additional impacts of a Proposed Development, accounting for the reference case, displacement, multiplier effects, and leakage.

Reference case: Within the three overall application sites (including Masterplan Site, Ely's Yard and Block A) there are currently a total of 23 occupants, supporting approximately 150 jobs based on current evidence from the Applicant. The current employment is considered the reference case against which to compare the Proposed Development.

Displacement: The proportion of jobs that would otherwise have been supported elsewhere. The employment created at the Proposed Development may be displaced from elsewhere in the region. The Local Area and wider City Fringe area have relatively high and growing rental rates, alongside relatively low vacancy rates. Higher unemployment rates in LBTH, along with the skills and training measures developed as part of the **Public Benefits Statement**, suggest that jobs could be made available to unemployed people, as opposed to being displaced from elsewhere. These factors combined suggest a low displacement rate of 25%. See **Chapter 12: Socio-economics of the Environmental Statement** for further discussion on this assumption.

Multiplier: The indirect employment supported by the Proposed Development off-site, generated through the supply chain and worker expenditure. A 'high' regional composite multiplier of 1.7 has been selected, reflecting the types of employment at the Proposed Development, the scale and diversity of the London economy, and the significant local spending opportunities.

Leakage: The proportion of the net additional jobs which are taken by residents outside of a study area. Leakage is applied when calculating the net additional employment expected to be taken by London and LBTH residents specifically. 90% of jobs within the MSOA where the Proposed Development is located are held by London residents based on the modelled origin-destination data by Middle Super Output Area (MSOA) according to ONS data for 2021. These rates are applied to the net additional FTE figure to determine how many jobs would be available to London residents. Similarly, the data is used to estimate the number of jobs for LBTH residents.

Estimation of net additional employment supported at the Proposed Development

		FTEs	Jobs
	A. Gross direct jobs	1,520	1,655
	B. Reference case	125	150
= A - B	C. Gross additional direct jobs	1,395	1,510
= C * (1 – 50%)	D. Net direct jobs (accounting for displacement)	1,045	1,130
= D * 0.7	E. Indirect jobs (accounting for the multiplier)	730	790
= D + E	F. Net additional	1,775	1,925
	Of which London residents	1,555	1,640
	Of which LBTH residents	95	105

Sources: ONS, 2023. *Travel to work estimates using assumed pre-coronavirus travel behaviours*; HCA, 2014. *Employment Density Guide*.

Appendix 1)

Economic impact methodology

Estimating expenditure

The Proposed Development would uplift activity on-site. This would create new expenditure in the surrounding area for local businesses. The additional expenditure would occur as a result of the new activity from on-site residents, workers and visitors.

Once operational, the Proposed Development is estimated to support 95 new residents, 1,755 net additional full-time equivalent jobs (FTEs), and an additional 31,400 in pedestrian footfall each week (see above slide).

Resident expenditure

To calculate resident expenditure, an average weekly spend per London household of £569 is applied to the number of homes generated by the Proposed Development, based on Detailed Household Expenditure data from ONS.

A reduction of 25% of expenditure is applied to this figure to account for the proportion of expenditure that would be spent online (based on national data from ONS), and this figure is adjusted to account for the difference in earnings for LBTH households compared to the regional average (LBTH residents earn on average 7% higher than residents across London). Each household is estimated to spend a total of £458 per week as a result.

To estimate the proportion of this expenditure retained locally, the proportion of expenditure by Zone 4 (Spitalfields & Whitechapel) residents spent in LBTH and Zone 4 is taken from the **LBTH Town Centre Retail Capacity Study 2016** (the latest study for which this figure is available) and applied to the figure. Based on this, it is assumed that of total spend 47% is within LBTH and 26% is within Zone 4.

Worker expenditure

To calculate worker expenditure, an estimate of average daily expenditure from **GLA Lost Worker vs Tourism Expenditure in the CAZ during the Covid-19 Pandemic** of £13 per day is applied to the number of FTEs at the Proposed Development. This figure is adjusted for earnings growth between 2020 and 2023, and by the average differential in earnings between different industries to estimate the spend by each worker on-site.

A recent study from Central London Forward suggests that, despite footfall falling in the capital, spending levels have increased, maintaining a similar level of expenditure over the course of the week. To maintain a conservative approach, however, an adjustment is made to account for hybrid working patterns, assuming that workers spend this only three days per week, or 60% of their 220 working days per year. On average, each worker at the Proposed Development is estimated to spend an average of £8.71 per working day. All worker expenditure would be felt within Spitalfields and Banglatown.

Visitor expenditure

To calculate visitor expenditure, an estimate of the average spending per day by visitors to the site is applied to the number of new visitors generated. This expenditure figure is based on the surveyed average spend by visitors to town centres in London by TfL. In 2024 prices, this figure is £46 per visit.

To estimate the expenditure that occurs within the Proposed Development and in the Local Area, a proportion of spend is applied based on a visitor study of Portobello Road market (deemed similar in nature and in types of expenditure to Truman Brewery and the Proposed Development). This study found that 41% of daily expenditure occurs in or near Portobello Road, and 59% on shopping and visitor attractions elsewhere in the Borough of Kensington and Chelsea. Based on this, it is assumed that visitors spend an average of £27 per visit in the Local Area.

Sources:

LBTH, 2016. *LBTH Town Centre Retail Capacity Study*
GLA, 2020. *Lost worker vs. tourism expenditure in the Central Activities Zone (CAZ) during the COVID-19 Pandemic*
Central London Forward, 2022. *The future of the office in London*
TfL, 2011 and 2013. *Town Centres Report*
Vector Research, 2010. *Portobello Road Survey 2010*

Appendix 1)

Economic impact methodology

Estimating economic activity

The additional employment supported on-site by the Proposed Development would deliver new economic activity. Gross Value Added (GVA) is a measure of the level of economic activity delivered by workers and businesses.

The GVA impact of a development is estimated by multiplying the number of jobs in each sector by the annual GVA per job in that respective sector. The number of jobs estimated by use class is aligned to a sector defined by the ONS (corresponding to office-based uses, retail uses, food & beverage uses, and arts and leisure uses) to obtain an estimated GVA per job.

The estimate of GVA per job is applied to the number of jobs in each industry supported by the existing site and the Proposed Development, accounting for average levels of part-time working for each industry, to estimate the total level of GVA supported.

Estimation of GVA supported at the Proposed Development

Type of use	GVA per worker	FTEs	Jobs	GVA supported
Office and data centre	£115,000	1,350	1,448	£167m
Retail	£44,000	130	164	£7.2m
Food & beverage	£28,000	35	43	£1.2m
Arts, leisure & other events	£31,000	< 5	< 5	£120,000
Total	£218,000	1,520	1,660	£175m

Estimating tax revenues

Tax revenues are estimated by comparing national statistics on GVA with public sector receipts in each year and typically account for between 30% and 40% of GVA. This is generated through business rates, VAT, corporate and income tax (among other smaller taxes).

The level of business rates payable by the Proposed Development has been estimated by applying the average rateable values per sqm for the types of commercial space in LBTH to the floorspace supported at the Proposed Development. The different types of spaces have been as closely aligned as possible to Valuation Office Agency primary description categories. Of this amount, 30% would be expected to be retained by LBTH council under the current government business rates retention scheme.

Sources:
ONS, 2023. Regional gross value added (balanced) by industry: local authorities by ITL1 region
ONS, 2022. Business Register and Employment Survey
DLUHC, 2024. National Non-Domestic Rates Return 2024-2025