

KALMARs

SOUTH LONDON'S LEADING AGENTS

PROOF OF EVIDENCE BY RICHARD KALMAR

Honorary Member of the Chartered Surveyor Livery Company,
of KALMARs Commercial Estate Agents

APPEAL REF: APP/C5690/W/23/3321935

EMPLOYMENT CONSIDERATIONS

21-57 Willow Way, London, SE26 9AR

9th October 2023

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21-57 Willow Way, London, SE26 9AR



Figure 1: Aerial view eastern orientation

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1. INTRODUCTION

- 1.1 I am Richard Kalmar, managing director of KALMARs Commercial Ltd which is a firm of commercial estate agents based in south London. KALMARs have been trading for 56 years, originally as industrial agents, and have unrivalled experience in dealing with commercial property in the area. They are the only agent in south London with specialist industrial and retail departments.
- 1.2 I am also chairman of KALMARs Residential Ltd. which is a firm of residential estate agents based in south London. I have regularly marketed residential development properties, many of which have had commercial space on the lower levels. Consequently, I understand residential demands within mixed use developments. The two companies employ 16 staff.
- 1.3 I have been an honorary member of the Chartered Surveyors Livery company for 10 years and have assisted in their educational work.
- 1.4 I have been a member of the Industrial Agents Society for around 45 years. I was a member of the Office Agents Society. I am a member of the Residential Development Agents Society.
- 1.5 In c. 1995 I set up and still run the South London Industrial and Commercial Agents club, an informal lunch club for commercial agents in south London.
- 1.6 I am one of the 24 jury members of the Court Leet of Southwark, a body originally set up to quality control traders which I understand has been in existence for over 1,000 years. It is now principally a local charity.
- 1.7 I chaired Southwark Chamber of Commerce for 6 years, a record in its 100 years existence. I have been a member of Southside Chamber of Commerce for about 20 years. I regularly attended Southeast London Chamber of Commerce.
- 1.8 I chair a group, local to where I live, called Our Rotherhithe which was set up to help the area flourish.
- 1.9 In the past, other experience has included being on local school committees, a director of an energy agency, a judge on a local awards committee, a business mentor for seedbed businesses and many other local activities. I am currently still actively involved in local social groups.
- 1.10 I have been a professional witness in planning inquiries and other matters on many occasions in the past. Instructing clients have included Galliard Homes, Taylor Wimpey, Asda Properties (now part of British Land plc) and many smaller companies.
- 1.11 My company, KALMARs Commercial Ltd., acts for the London Borough of Lewisham in an agency capacity but have not advised the Council in relation to this site; both parties are aware of this. As this has been openly declared and my duty of care is to the planning inspector, I do not see this as a conflict of interest. See point 2.9 below.

2. BACKGROUND AND SCOPE OF EVIDENCE

2.1 This proof of evidence has been prepared on the instruction of Kitewood Estates Limited ('Kitewood'). It is in connection with their planning application (LB Lewisham planning reference DC/22/129789) which was submitted on 20 December 2022 for the following works ("the Proposal") at 21-57 Willow Way, SE26 4QP ("the Appeal Site"), also referred to as 'Plot A', Willow Way:

Demolition of existing buildings and redevelopment of the site comprising a block rising to 5/6 storeys accommodating 1,401sqm of employment floorspace (Use Classes E(g)(i)(ii)(iii)) at ground and mezzanine floors and 60 residential units (Use Class C3) above, with associated landscaping, amenity areas, cycle, car parking and refuse/recycling stores at 21- 57 Willow Way, London, SE26

The application was refused by LB Lewisham under delegated powers on 23 March 2023.

2.2 Employment-related matters arise from reasons for refusal 1, 2 and, in particular, 3. I comment on the proposed redevelopment of the site, giving brief information on the location, the existing use, the proposals, demand in the context of supply, viability, and general marketing recommendations.

2.3 I also comment on the Statement of Case produced by Lewisham Council reference DC/22/129789.

2.4 In particular, my evidence aims to address:

- Any loss of industrial capacity on the site
- The co-location of employment and residential uses
- The acceptability of the proposed design for future occupiers

2.5 As this forms part of a suite of evidence, including planning and architectural experts, my comments on the planning background are limited as they are on the design. The evidence of Paula Carney, in particular, addresses the policy and related aspects relevant to the employment issues that arise.

2.6 I have addressed various comments made in the Local Planning Authority's (LPA's) Statement of Case (LBL SOC), rather than addressing them separately at the end.

2.7 Any information provided is not intended to be used as a valuation or to raise finances and, as is my companies' standard practice, is given without liability on my or my company's part.

2.8 None of the information has been produced using AI platforms and I either have firsthand knowledge or have accessed it from reliable sources.

2.9 I understand my duties to the Inquiry are to give independent and objective evidence on matters within my expertise, based on my own independent opinion uninfluenced by the instructing party. I confirm that I have stated the facts and matters on which my opinion is based, and that I have not omitted to mention facts or matters that could detract from my conclusions. I believe that the facts stated within this Proof are true and that the opinions expressed are correct. I have drawn attention to any matters where I consider I lack sufficient information to reach anything other than a provisional conclusion. I will continue to comply with my duties to the Inquiry.

3. LOCATION AND CONTEXT OF THE SITE

The location and context are described using the following headings with particular reference to the proposed industrial use:

- 3.1 Neighbouring
- 3.2 Local
- 3.3 Regional
- 3.4 Transport
- 3.5 Suitability of the location for industrial use
- 3.6 Changing requirements and perception

I now deal briefly with each of these in turn.

3.1 Neighbouring

I understand that the site forms a part of a larger emerging master plan proposed to holistically transform various rundown older style commercial buildings, land and yards located around Willow Way.

The adjoining properties are described in a clockwise direction starting to the north where there is a four-storey residential block of flats with a car park adjoining them. To the east of which is an eight-storey block of flats and gardens and then William Wood House care home, most of which fronts onto Sydenham Park which principally comprises grand Victorian four-storey houses. To the southwest is Willow Business Park and generally to the west there is a parcel of neglected open land owned by the local authority. To the south, west and northwest there are more industrial buildings and a car park.

3.2 Local

Surrounding this commercial pocket, the area principally comprises residential properties, with the exception of some shops fronting Dartmouth Road and Kirkdale, and there is a large school, Sydenham High, to the north.

3.3 Regional

This part of inner London, situated 5.5 miles south of central London, is principally a high-density residential area mainly developed from the Victorian period onwards, and has a rich diversity of age groups and ethnic mixes. In terms of markets and business opportunities, it has a large catchment area including south London, which is home to approximately 4 million people and 165,000 businesses.

3.4 Transport

The location has a PTAL rating of 4, meaning it is well connected with many buses passing along nearby Kirkdale and Dartmouth Road. It is 4 minutes' drive to the South Circular Road, but in common with most London roads, the system suffers from congestion. Direct distances to rail transport stations shown by Google are as follows:

	miles	min walk
Sydenham station	0.5	10
Forest Hill station	0.6	13

There are no tube stations nearby, Brixton being the nearest which is 3.8 miles away.

3.5 Suitability of the location for industrial use

Most, if not all, of the older style heavy industrial businesses have gone from the area, principally due to their

requirements for better lorry access, for low value land allowing generous lorry parking and maneuvering, and the problems they create in residential areas due to various pollutions.

The older industries have been, and are continuing to be, replaced by lighter industrial users who can co-locate with residential occupiers, and help to add vitality to, the area and for which there is good demand due to its central position and large catchment area. Very light industry users are less likely to disturb neighbours and do not rely on large lorry deliveries. Unlike office use, they also do not need to be very close to stations as staff expectations are less demanding (office staff like to have appropriate shops and café/sandwich bars) and their image does not require a central business district. There are various reasons for this including: convention often warehouses have been catered for by food trucks staff numbers warehousing placing less emphasis on encouraging staff to work there). This is increasingly the case as encouraging office staff to work in an office is more important with the increase of working from home which warehouse staff cannot. Modern light industrial users are therefore attracted to this area, as they can co-locate with residential uses.

3.6 Changing requirements and perception

Business requirements and expectations have and will continue to change, as this area becomes more aligned with central London, like the South Bank, Clerkenwell or Islington which have moved on to suit the needs of modern businesses. Any business locating to inner London today is unlikely to expect to have their own dedicated yard. It is inappropriate to compare this location with sites around the M25 or further out that are capable of servicing big lorries and where values are much lower.

Demand is considered further in section 8 below.

4. DESCRIPTION OF THE EXISTING AND PROPOSED DEVELOPMENT

I briefly describe the current property, the proposed development, and the suitability of the development to modern businesses, using the following headings with particular reference to the proposed industrial use.

- 4.1 Existing buildings
- 4.2 Proposed development overall
- 4.3 The proposed commercial units
- 4.4 Sizes
- 4.5 Specification
- 4.6 Suitability of the proposed commercial space for industrial use
- 4.7 Suitability of the space for light industrial

4.1 Existing buildings



Figure 2: Photograph of existing frontage looking south.

- 4.1.1 The land is level and of an irregular shape, which could be roughly described as a triangle. The current properties have not been designed or constructed in a coordinated style and generally comprise poor quality older style industrial buildings, which appear to date from the latter part of the last century and are not attractive. These are partly single storey with a small flat on a part of first floor of No. 21/25, and commercial above 27/49. They have a total area of 1,343 sq m (14,456 sq ft). The ceiling heights vary, the majority of the space being under 3-metre height, some of which is interrupted by beams and conduits, see point 4.4 below. They have no lifts and, as such, much of the space does not meet DDA requirements. A series of existing site images are provided at Appendix Q.
- 4.1.2 Behind the buildings there is a small, metalled yard used in part for storing containers, the topography is unlikely to allow lorries to easily turn within the yard. The car repair use requires a lot of parking due to vehicles waiting to be repaired/serviced. The main parking provision is on-street along Willow Way, which

is not currently controlled by yellow lines. As a result of kerb parking, the road, which is two-way, is relatively narrow. This makes it difficult for two vehicles to pass as seen in Mr. Kirby's evidence.

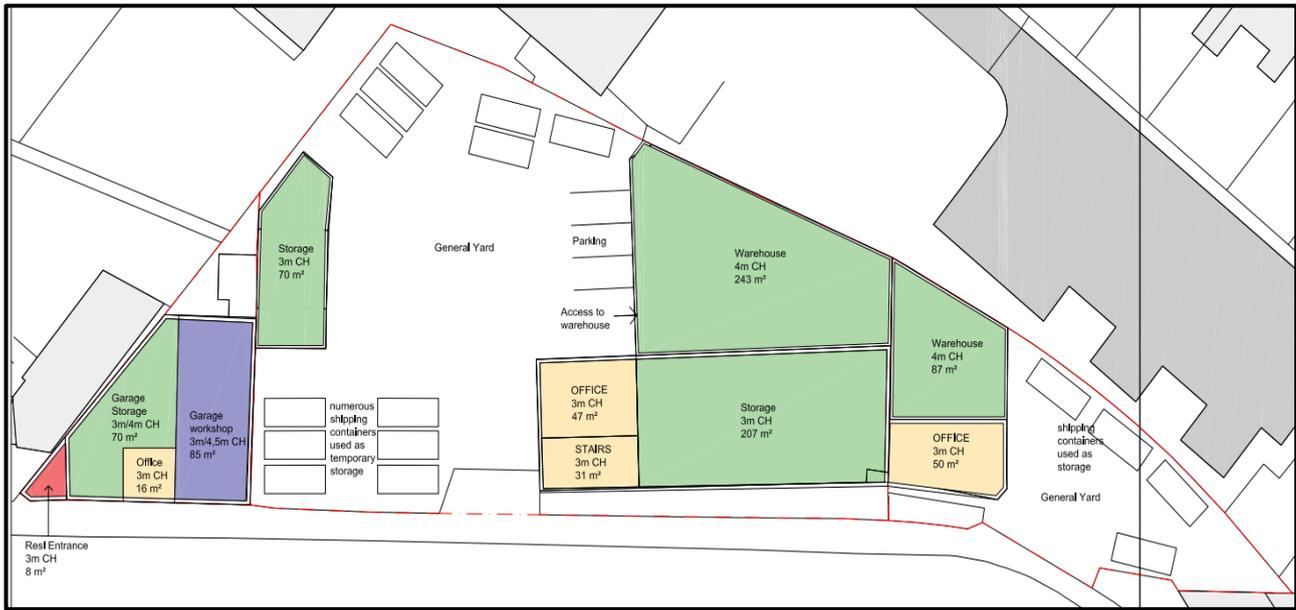


Figure 3: Existing Ground floor plan

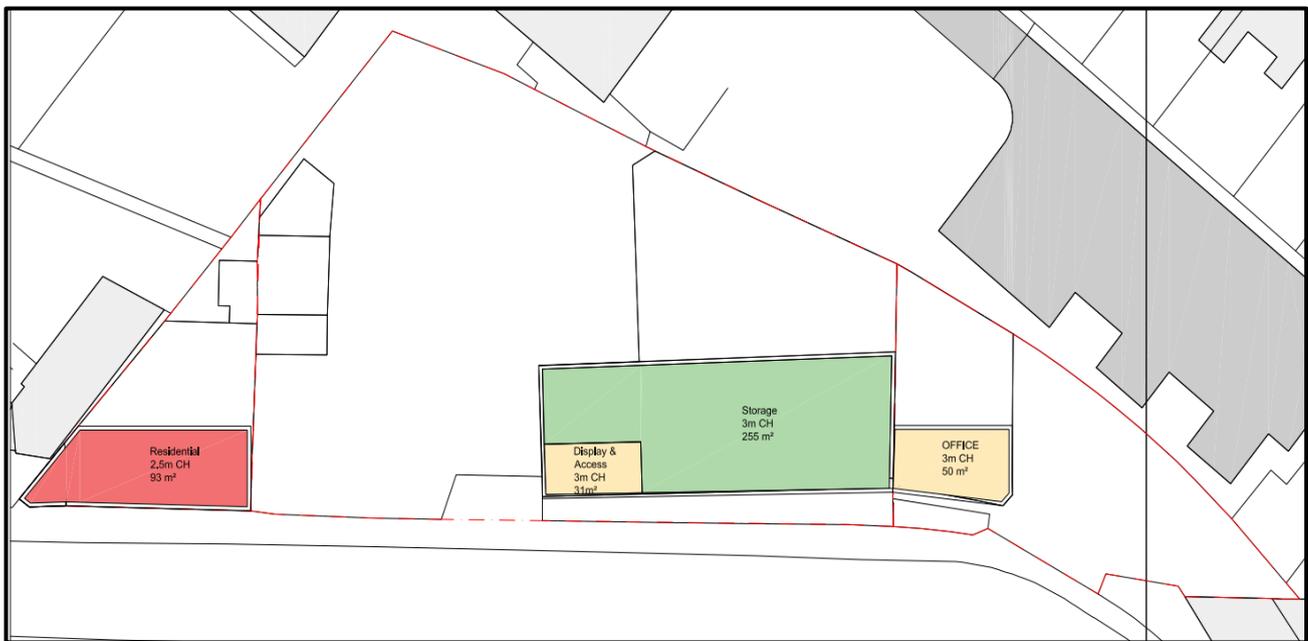


Figure 4: Existing first floor plan

4.1.3 Currently the buildings appear to be used for warehousing/storage B8, office space E g i, light industrial E g iii (drinks machine repairs/servicing/hire) and motor vehicle repairs, sui generis.

4.2 Proposed development overall

4.2.1 This is proposed to be the first phase, A, of a comprehensive redevelopment of various sites that front Willow Way and currently comprise older style industrial buildings or derelict land. The proposal would be designed around newer flexible, light industrial elements. Phase A should be a good foundation for phases B to E within the proposed master plan described in Paula Carney's proof. This assumes that the land for the further phases can be brought from the current owners.

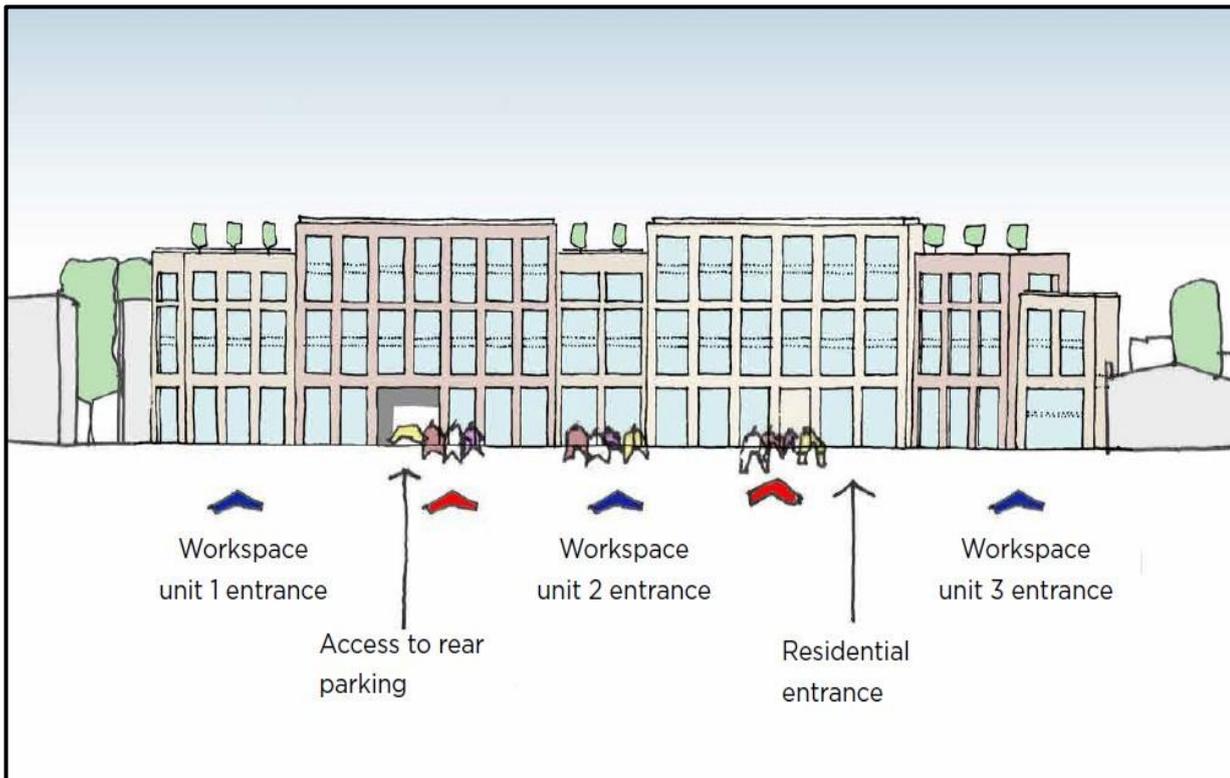


Figure5: Proposed redevelopment

4.2.2 The development of this property is to be a commercially led mixed-use scheme, optimising the use of the site with high quality design producing good working space. This differs from many residential led mixed-use schemes, which have inferior quality commercial space, as they have been given lower priority and are designed to fit in with the residential space above. In the case of the appeal proposals, having 6 metres ceiling height in the majority of the space, lifts in each unit capable of transporting goods to the mezzanine floors and a riser going above to the roof, are all a much higher specification than is usual in the commercial space in most mixed-use developments.

- 4.2.3 The space is arranged as 3 units comprising a total of 1,401 sq m (15,101 sq ft) which, due to the nature of the site, have differing shapes to best utilise the space whilst respecting the neighbouring properties and optimising coverage. All units front the road and have their own independent access. Loading is provided via a **dedicated 12 metre on-street centrally placed loading bay designed to service up to 7.5 tonne lorries**, which is intended to be controlled with appropriate street lines as described in Mr. Kirby's evidence. However, the introduction of the double yellow lines along Willow Way would accommodate additional service vehicles associated with the appeal Site and the wider Masterplan that would afford the opportunity to load/unload for a period of up to 40 minutes directly from the carriageway.
- 4.2.4 If required, a second on-street loading bay could be created secured through a Traffic Regulation Order (TRO) process, post planning.
- 4.2.5 Above the commercial space, with independent access, 60 residential flats are proposed over 4 floors.

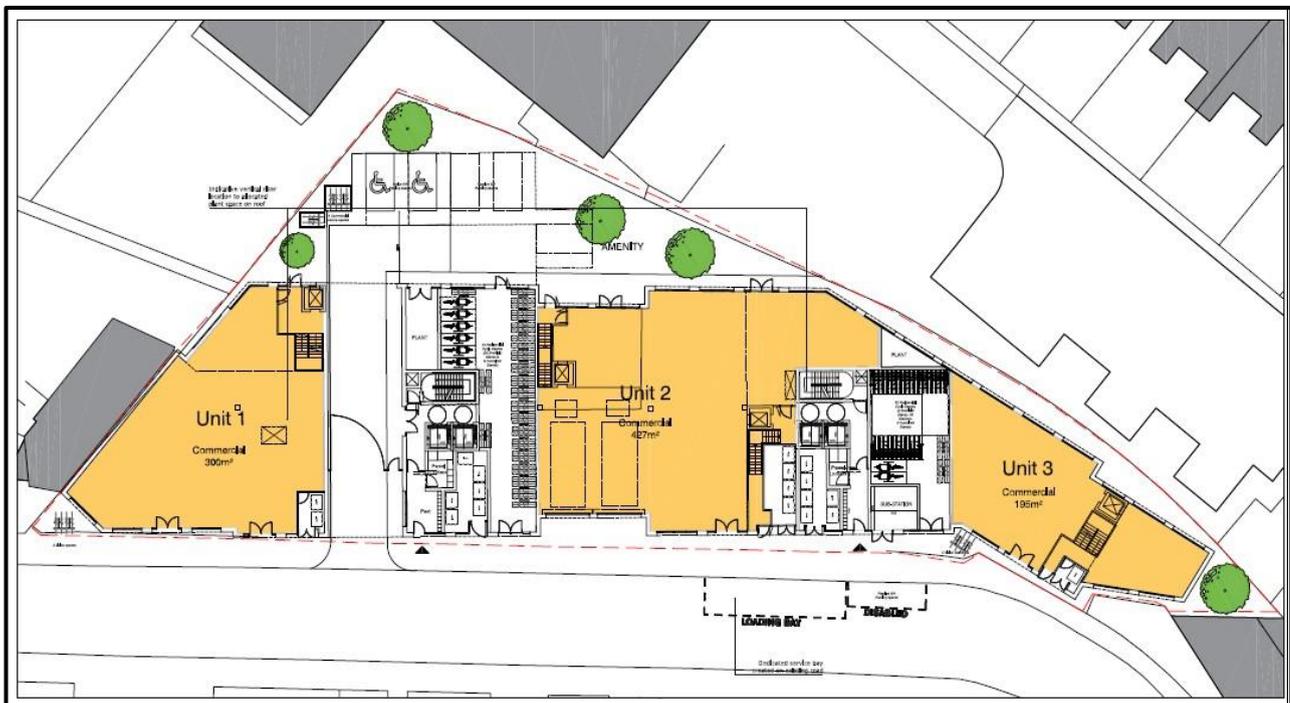


Figure 6: Proposed new layout

4.3 The Proposed Commercial Units

- 4.3.1 Unit 1 forms a stellated triangle, the front and majority of the space having 6-metre ceiling height with only one column and two double doors providing good quality space for an industrial user. To the rear is a small mezzanine area providing useful backup space. The specification will include a riser through the building, which will be of significant benefit to many businesses such as food production.
- 4.3.2 Unit 2 is approximately rectangular in shape with a smaller rectangle area adjoining at the rear. The majority of the space is double height with 6-metre ceilings. The additional rectangular area includes a useful mezzanine level, both levels having between 3- and 4-metre ceiling height. The specification will include a riser through the building, which will be of significant benefit to many businesses such as food production.
- 4.3.3 Unit 3 again has double height in the majority of the space, with an adjoining mezzanine area which has an irregular quadrilateral shape. There is a core with a lift and stairs within the unit. Again, the specification will include a riser through the building.

4.4 Sizes

4.4.1 Existing

21 – 25 Willow Way (Delta Motors) *		27 – 49 Willow Way (Hallmark Catering Hire)		51-57 Willow Way (Beeline Services)		TOTAL	
Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft
272	2,928	884	9,515	187	2,020	1,343	14,456

*Delta Motors floor areas includes residential accommodation for avoidance of doubt and for the purposes of understanding the floor-to-ceiling height of the existing buildings on site.

I understand these figures were produced by Kitewood’s architects, DC Architecture and Design, on a gross internal basis (GIA). These are further broken down in relation to ceiling height as set out in the tables: Existing and Proposed Floor Areas (GIA) – floor-to-ceiling heights, under 4.4.9 below.

4.4.2 It is worth noting that the District Valuers have recorded the following sizes, see Appendix M:

21 – 25 Willow Way (Delta Motors) *		27 – 49 Willow Way (Hallmark Catering Hire)		51-57 Willow Way (Beeline Services)		TOTAL	
Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft	Sq m	Sq ft
111.34	1,198	779.99	8,396	163.05	1,755	1,054	11,349

Part of the reason for the significant reduction in size is that the District Valuer has not included the first floor of 21-23 Willow Way as it is a residential flat of 93 sq m (1,001 sq ft) and therefore is not registered for business rates. I do not feel the flat should be taken into account when considering any loss of commercial space, and the employment floorspace should be less the residential floorspace for purposes of calculating any surplus or loss.

4.4.3 The following sizes are proposed, which are calculated on a gross internal basis.

UNIT	GROUND		MEZZANINE		TOTAL	
	SQ M	SQ FT	SQ M	SQ FT	SQ M	SQ FT
1	300	3,229	64	689	364	3,918
2	427	4,596	366	3,940	793	8,547
3	195	2,099	49	527	244	2,626
TOTAL	922	9,924	479	5,156	1,401	15,080

This is an increase of 4.3% on the figures provided by DC Architecture and 33% on the figures provided by the District Valuers.

4.4.4 The shape of the units allows limited division to create smaller units especially in unit 3.

4.4.5 The land comprises a total of 2,239 (sq m), 0.239 hectares or 24,100 sq ft, 0.55 acres.

4.4.6 The LPA in 7.4 of their SOC do not accept that the mezzanine floors should be counted as useable floor space. They cite the GLA's Industrial Intensification Guide: Design and Delivery Testing (We Made That 2018) attached as Appendix G. This states that a mezzanine should not be considered useable floor space from an occupier's perspective unless it has properly enforced floor loading and is served by a goods lift. I would agree with the LPA that where a tenant puts in a lightweight floor, often of Dexion style construction (<https://www.dexion.co.uk/>), serviced by lightweight stairs, with fork lift loading or just accessed via a ladder, that area should not be considered long term permanent space. However, in the case of the appeal proposals, provided that a condition is put in place to ensure reasonable floor loading and as there is a lift in each unit, they would fully meet the requirements the GLA specify.

4.4.7 The definition of a mezzanine is generally a part floor, often not contained in walls, i.e., similar to a gallery. It would generally be quick and inexpensive to partition off the proposed mezzanine to provide enclosed space if so required. Without wishing to complicate matters with the semantics of the definition of mezzanine, in my view the robust nature of the space proposed with lifts and reasonable floor loading should count as useable floor space. I would accept that mezzanine floors, which are unlikely to have such easy access for goods may have lower value, but do not believe the value is relevant to my evidence. Furthermore, the useability of the mezzanine depends on the ratio of ground floor to mezzanine, as many businesses have part of their operation that does not turn around heavy goods fast. For instance, my company is doing a letting at the moment to a commercial knitting company who may well not need all their stock to be turned around quickly and it is probably not very heavy. Thus, to them storing part of their wool (I assume that is their main stock) on a mezzanine floor is not likely to be a problem.

4.4.8 The following tables set out the existing and proposed floor heights by area:

Existing Floor Areas (GIA) – floor-to-ceiling heights

ftc ceiling height m	21 – 25 Willow Way (Delta Motors)*	27 – 49 Willow Way (Hallmark Catering Hire)	51-57 Willow Way (Beeline Services)	TOTAL
2.50 – 3.00m	117 sqm	641 sqm	100 sqm	858 sqm (64%)
3.01 – 4.00m	112 sqm	243 sqm	87 sqm	442 sqm (33%)
4.01 – 4.50m	43 sqm	0 sqm	0 sqm	43 sqm (3%)
4.51 – 6.00m	0 sqm	0 sqm	0 sqm	0 sqm (0%)
TOTAL	272 sqm	884 sqm	187 sqm	1,343 sqm

Proposed Floor Areas (GIA) – floor-to-ceiling heights

	Unit 1	Unit 2	Unit 3	TOTAL
2.50 – 3.00m ftc ceiling height	128 sqm	466 sqm	98 sqm	692 sqm (49%)
3.01 – 4.00m ftc ceiling height	0 sqm	0 sqm	0 sqm	0 sqm (0%)
4.01 – 4.50m ftc ceiling height	0 sqm	0 sqm	0 sqm	0 sqm (0%)
4.51 – 6.00m ftc ceiling height	236 sqm	327 sqm	146 sqm	709 sqm (51%)
TOTAL	364 sqm	793 sqm	244 sqm	1,401 sqm

4.4.9 The proposed units have over half the space with high ceilings, whereas the existing units have only 43 sq m (463 sq ft) equivalent of 3% of high ceilings. Therefore, if one accepts the LPA's argument that low ceilings space should be ignored then the increase in commercial floor space is actually much higher than the percentage given in 4.4.4 above. The increase in areas comprising high ceilings would amount to 666 sqm, (7,169 sq ft) equivalent to an 1,549 % increase in commercial space with high ceilings.

4.4.10 The RICS Code of measuring practices, 6th edition (the most recent), states under its definition of Gross Internal Areas at 2.8 that one should include:

2.8 Mezzanine floor areas with permanent access

This is attached as Appendix H. Including permanent mezzanines is undoubtedly the accepted industry norm in terms of measuring practices.

4.4.11 Examples of industrial estates that have permanent "mezzanine" floors that have been counted in the sales/letting floor areas include:

Bessemer Park, Milkwood Road, SE24 c. 2.6 miles from the property: A development of 25 industrial units, the majority of which I sold when they were built in c. 1990. These virtually all had about 33% on the first floor with 2.49m ceiling height under the mezzanine and no lift, see attached details as Appendix N of a property my company has very recently sold on this estate.

Greenwich Central Business Park, SE10 c. 3.7 miles from the property: A development of c. 24 units all of

which I let or sold c. 23 years ago. These all had 50% first floor space with approximately 3 metres ceiling height below with no lift. Whilst this layout did not suit every occupier, they all sold/let and have enjoyed a high level of occupancy since they were built. As my company is not currently letting a unit there, I attach current details produced by Evans Pearson Chartered Surveyors which include the mezzanine in the floor area.



Figure 7: Bessemer Park, Milkwood Road London SE24 - typical unit

4.4.12 The LPA in their SOC also contests the clear ceiling height at paragraph 7.25 as they say it has not taken into account conduits, down pipes and other tracks/trays that can reduce the effective ceiling height. I would agree with them if, for example, down pipes project down, say, 500mm and are left with pipes running across the middle of the ceiling, which is all too often the case for economy and due to lack of focus on the commercial space. I would therefore recommend that a stipulation is that any downpipes are run along perimeter walls, where they are out of the way. Likewise other flues etc. can be positioned by the occupants adjoining perimeter walls.

4.4.13 Given that there will be exceptional ceiling height in over half the new space it is unrealistic to discount all the ceiling height by 500mm. If consent is granted, I would recommend that the developers are obliged to produce a plan showing how the interruption of the space by the conduits is kept to a minimum.

4.4.14 Most light users, such as bakers, engineers and photographers, do not need the maximum ceiling height throughout, as they can position their plant in the higher space and carry out other operations in the lower ceiling height space. One example of this that I come across regularly is craft breweries.

4.5 **Current Uses**

4.5.1 In referring to the loss of industrial capacity in Reason for Refusal 1 at 1.2.1 and at paragraph 7.7 and often through their Statement of Case I believe that the LPA have not considered the current uses fully, the majority of which is for storage, class B8, not industrial and part is residential. The current uses are documented by the District Valuer's description of the uses as they saw them when making their assessments included as Appendix M. I assume these uses were not disputed by the existing rate payers, i.e. the occupiers. All the uses, except Delta Motors' ground floor are for storage or warehouse with ancillary offices. These uses employ fewer, and often less skilled, staff than industrial, as demonstrated by the HCA Employment density guide as attached as Appendix E.

4.5.2 Whilst the LPA may argue that the space can be used as industrial, the fact is they are not and that the demand for this type of use in these old units is more likely to be from warehouse use, thus losing this space is not truly resulting in a loss in industrial capacity. Additionally, if an industrial user requires a formal change of use from the LPA this takes time; I would normally allow 6 months, which is a considerable disincentive for the owners to let to industrial should there be interest for the current lawful use, B8, where the occupier can proceed straight away.

4.6 Specification

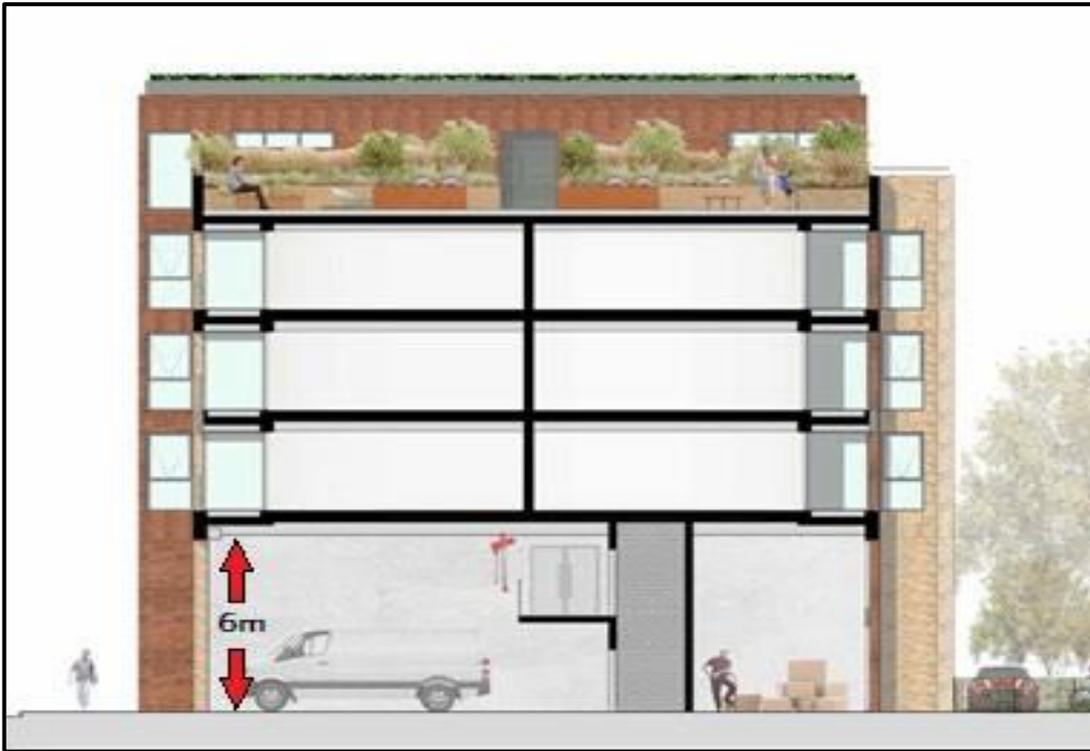


Figure 8:

4.6.1 I understand that the units are to be finished to shell condition, which is the standard practice for industrial units, the most likely use, as it is difficult to anticipate the finishes required. However, 'shell' is an ambiguous term, for example many developers seek to avoid putting in windows and make other savings that are not attractive to a tenant and even buyers are reluctant to get involved in that level of work. It can also produce a less harmonious exterior to the building.

4.6.2 Here the shell fit out includes:

- To fit large windows front and rear.
- The loading doors, which can be either double doors, roller/concertina, or other designs, to suit requirements and the appearance of the façade.
- Lifts in each unit, thus greatly increasing the useability of the first floor and to comply with DDA requirements.
- Modern services to a service point allowing for industrial grade supply of 3 phase electricity and fast broadband supply capped off to a service point.
- Flooring to conform with modern insulation standards. This is often omitted and is a significant cost. I am informed that the 150mm, or so, of the insulation layer has been taken into account and will not need to be deducted from the ceiling height calculations, which is particularly important under the mezzanine area. I recommend floor loading of at least 25 kN/m² on the ground floor and 10 kN/m² on the mezzanine level.
- Drainage sufficient for food and drink production. There should also be interceptors, power floated and sealed concrete floors and ample access points without having to dig up the floor.

- 4.6.3 There should be provision for tenants to fit their own signage, roller shutters and alarms to suit their own security requirements whilst looking aesthetically consistent.
- 4.6.4 I understand that the design will incorporate a high standard of energy conservation treatment and sustainability. This has become increasingly important, particularly to purchasers. Currently buildings are required to have an Energy Performance Certificate standard (EPC) of E, which is likely to increase up to potentially B by 2030. Many older buildings do not have this. In addition to business owners' social considerations, this has a significant bearing on energy costs and the acceptability of the units to funders. Currently only Hallmark's property at 27-41 Willow Way has an EPC rating which is E, I anticipate that the other buildings are unlikely to have a better standard. As such, it is likely that it will be unlawful to let the buildings in the near future
- 4.6.5 The overall building including the residential above will be going for a BREEAM 'Very Good' standard, which is suitable to most occupiers' requirements, but I understand that Kitewood are seeking to improve on this if possible, during the detailed design. There is unlikely to be gas in the building, which will be a disadvantage to some potential catering companies, but increasingly ways around this are being incorporated into the companies' working strategies. Secure and open bike parking will be provided onsite dedicated to the commercial units.

4.7 Suitability of the space for light industrial

- 4.7.1 In my view the units are likely to be very attractive to light industrial occupiers for the following reasons:
- 4.7.1.1 The great advantage of these units, over many other commercial spaces under residential, is the ceiling height of 6 metres and relatively column free space. This will be very suitable for many businesses, particularly purchasers who want flexibility, not only for their own use but for potential occupiers in the future. Examples include storage, food and drink production and photographers.
- 4.7.1.2 The loading doors opening directly on to the street provide self-contained units with convenient access.

- 4.7.1.3 The new high-quality façade will provide a more prestigious image for businesses than most other available properties available which are likely to have an older style.
- 4.7.1.4 The energy efficient specification will save money, meet future regulations, and provide a positive image that is likely to attract tenants/purchasers.
- 4.7.2 The lift, bike parking and disabled toilets are suitable for conscientious companies, and there do not appear to be any equal opportunity issues. They are particularly suitable for companies in the area whose staff and clients are based locally often within a 15 minutes' walk, and do not wish to pay the extra to be in a prominent main road position. The rich diverse ethnic background within the area is increasingly likely to be reflected in the makeup of the occupiers. This is borne out in our experience of letting/selling industrial property nearby.
- 4.7.3 Whilst the mezzanine or first floor are unlikely to be suitable for heavy goods storage, or fast turnaround products, they can provide office space away from the noise of the works floor. This could be fitted to a higher standard with its own toilets, air conditioning etc. to suit other uses, or even let separately if required. Examples being a graphic design department, telephone logistics for restaurant sales etc.
- 4.7.4 Leaving the units in what I would describe as an advanced shell condition gives the option of fitting them out to suit occupiers' requirements without wasting money on an inappropriate fit out. It also gives greater flexibility for end users. I would suggest if the initial marketing does not attract occupiers, then a show area is created, with a fast-track package for occupiers to move in without delays.
- 4.7.5 The LPA has concerns at various points in its SOC that there is not enough loading and yard space. Whilst I would agree that, for traditional industrial use, larger areas would be desirable and every business (and resident) would like to have extensive parking and yard space included, but business practices have changed and studios workshops are now frequently let with no parking. See Mark Kirby's POA.

5. **TENURE**

- 5.1 As independent units, separate titles can be created for them so that the developers can sell these properties, either by letting and then selling the investment or by direct sale of individual units. Given the acute lack of supply of industrial properties for sale, as outlined in Section 8 below, there is a strong likelihood that sales will be popular. Buyers are also more likely to undertake extensive, and consequently expensive, fit-out work.

6. USE/PLANNING

- 6.1 This area is designated for Local Employment Land (LEL). As stated above in paragraph 2.5, I have generally left others, and in particular Paula Carney, to deal with matters of planning policy.
- 6.2 Whilst I understand the rationale for LEL'S and their protection of industrial uses, given London's dynamic market, a flexible approach is more likely to produce a prosperous local economy.
- 6.3 The application, as stated above at 2.1, is for Use Classes E(g)(i)(ii)(iii). These uses should be acceptable to most occupiers, with the exception of storage operators who require a class B8 use and broadening the permission to allow this use would create greater demand. Will to clarify.
- 6.4 It is unrealistic to target older style businesses like, say, printing. That was once my company's single biggest area of activity, but I have not done a deal in this line for over 10 years. In 2017 Lewisham, in my view quite rightly, commissioned a report on the creative and digital economy in Deptford. Whilst this was not the biggest growth area at the time (construction was), long term this is a growth area. The topography and image of the proposed buildings should be much more suitable than the stock generally on the market at the moment.
- 6.5 The proposed hours for deliveries, 7:00 to 10:00 pm 7 days a week, are longer than is often allowed, especially as they do not prevent businesses from working internally for longer hours. As such they should be attractive to most businesses. To sell the flats above, a 'no nuisance' clause should be required, which should satisfy both occupier types within the building.
- 6.6 There have been two recent cases where the LPA have granted consent for commercial under residential, namely Trundleys Road and Blackheath Hill. They state that this was allowed in part due to them not being in LELs and for specific reasons relating to each application. The LPA in their SOC at paragraph 7.39 state that the granting of the applications both result in an increase in industrial floor space, unlike in the subject application, a point I disagree with as set out above in section 4.4 above, which demonstrates that the proposals will result in not only an increase in industrial space, but that it will also be of a better quality. They state that zoning considerations for these two sites are more appropriate and that they provide better loading/yard. I therefore consider firstly the issue of zoning and secondly the individual properties.

- 6.7 Looking at the 5 LELs that had been designated in Lewisham, their strict stance on industrial use does not, in my view, work. Sites tend to be underused or used as a cheap option by dirty older users, such as secondhand car repairs or scrap metal. Areas like Creekside in Deptford SE8 or around Millwall in roads like Rollins Street or Zampa Road SE16 have a predominance of older businesses, often only there by historic accident and because they were a cheap option with no new space coming forward.
- 6.8 Now there is greater flexibility in some of these areas which is encouraging modern development investment, often financially led by the higher value residential element of mixed- use schemes. This has a cumulative effect as businesses are attracted also by the safer, cleaner perception of the area. This includes food, creative and technology users.
- 6.9 Trundleys Road SE8
This was a large student housing development with commercial use below on what was a tired old warehouse that, when I let it to a firm of printers in c. 1978 at £1 psf, was still fit for purpose. In 2019 when it was sold it had gone past its useful life. The loading facilities in their new scheme are, if anything, worse than proposed at Willow Way.
- 6.10 I was asked to advise Aitch, a company that acquired and sold on the Trundleys Road site between 2017 and 2020. I reported on their plans both in 2017 and 2019 and set out two extracts from separate letters I sent them below. I have not included the full letters as they contain financial information which would not be appropriate to put into be in the public domain.

6.11 Extracts

6.11.1 Extract from my letter prior to the previous owners buying the property dated 23rd November 2017:

'There are roller shutters to the rear, fronting what is described as flexible hard landscaped amenity space, this has restricted vehicular access and in practice may be congested. It does not appear large enough to accommodate delivery lorries, therefore occupiers would need to be able to work solely with vans, which on this size of units should not be a significant problem.'

Extract from my letter to the owners dated 11th November 2019:

'...The commercial units arranged on ground and mezzanine levels respectively having 4.05 and 2.75 metres ceiling height. 4 metres is low for industrial purposes, the mezzanine is an acceptable height for offices but low for industrial. There are a range of sizes from 1,200 sq ft to 2,500 sq ft, which is likely to be attractive to the market. No lifts are shown

6.11.2 This development is on a very busy local cut-through road right on the junction with Sandford Street, making it difficult for vehicles to stop and load here on street. In my view Willow Way is better placed to serve lorry or, more relevantly, van deliveries.

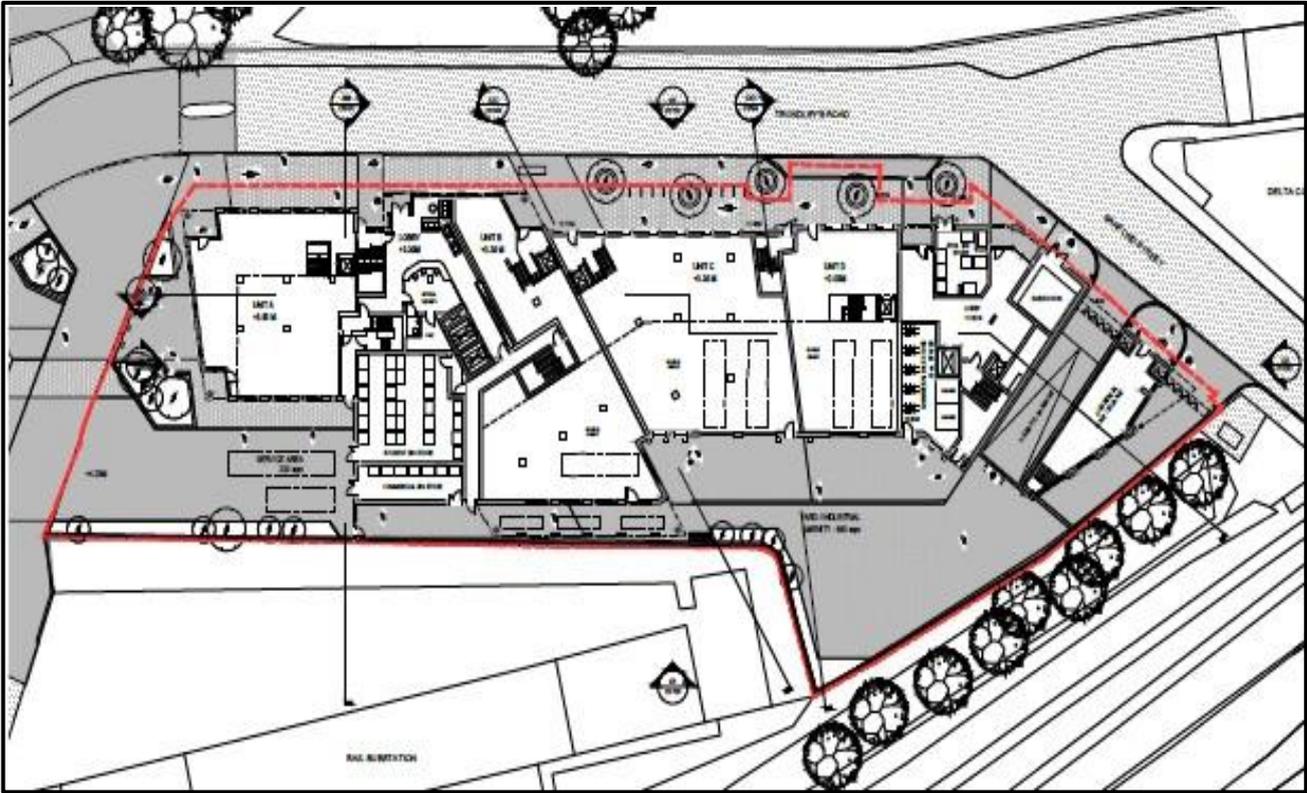


Figure 9: Plan of Trundleys Road development



Figure 10: Trundleys Road Street View shot showing the access very close to the road junction and bridge

6.11.3 Looking at the plan, I have not changed my view on the restrictive access to the yard.

6.11.4 Work has stopped on the building as the contractor, locked into many fixed price contracts, went into liquidation about 3 months ago. This is a prime example of how a development that was viable before the current inflation growth worked but does not appear to do so now, and why LPAs need to be more flexible if they are to see inward investment proceed in the foreseeable future.

6.12 Blackheath Road

6.12.1 This is a development I am familiar with as my company was recommended to the current owners by Savills as local commercial experts. I had a couple of virtual meetings with the developers and gave them some advice. The site borders on a very popular and wealthy area with shops, cafes and a station, where the space was more likely to be of interest to office-style businesses.

6.12.2 Although there is a yard, it is linear and shared with multiple residents and it will be difficult to turn any vehicles within the site. As the property is located on a very busy arterial road, the A2, which at this point slopes steeply, turning in or out will not be easy, and reversing out very dangerous. Therefore, although there is a yard, I do consider the loading for heavy vehicles to be inferior to that proposed at Willow Way.



Figure 11: Blackheath Hill entrance to new estate

7. TERMS

- 7.1 I have considered the development in terms of economic demand which, given that the likely build cost for the commercial (including three lifts) will be in excess of £200 psf, the figures below clearly demonstrate that the commercial element on its own would not be economic and will have to be subsidised by the residential use above. As set out in the attached Appendices A, B, C and D, values are as follows:
Table of Asking and Achieved rents and prices from a sample taken within about 3 miles (28 sq miles) and the achieved figures over the last 3 years.

ASKING RENTS £PSF	ACHIEVED RENTS £PSF	ASKING PRICES £PSF	ACHIEVED PRICES £PSF
17	13	228	137

- 7.2 There is great disparity in sales values psf as there is such a small sample available and some of the sales are for redevelopment sites. Therefore, the sales values should not be relied on.
- 7.3 Given the better than normal specification of the proposed space, i.e., being new, with high ceiling height and modern specifications, I anticipate that higher levels will be achieved than most of the older available or disposed of space listed.
- 7.4 There is almost no evidence of new levels as the little space that has been built is within residentially lead developments and generally has a poorer specification than the proposed units. The only exception I can find are two independent developments by Bloom Properties, one being in Brixton where they are quoting £45psf pa and another one in Greenwich where they are equating to £35psf.

8. DEMAND/SUPPLY

8.1 Demand for industrial occupation space in south London has been good over the last few years, whereas supply is limited. This is one area of the property market that is bucking the general malaise trend in property. For instance, my company has recently let a 36,000 sq ft warehouse in Bermondsey with competition to take it. Yields have, however, risen significantly hence capital values for investments have fallen, but that is not a material consideration in planning terms. As I have stated above in point 7 it does mean that the residential element will have to subsidise the development if it is to be built.

8.2 Supply

Within a 3-mile radius, or 28 square miles, that I have surveyed, there is only 165,054 sq ft of what CoStar define as Light Industrial or Industrial available and of that there are only 5 properties for sale. Virtually none of the spaces surveyed is new or of particularly good quality, which the proposed property would provide.

8.3 Demand

Take-up, in the same areas as surveyed in the Supply section 8.8.2, over the last 3 years has been:

YEAR SQ FT TAKEN

2021 74,376

2022 74,218

2023 15,233 recorded in July Weighted
30,466 on an annual basis.

I anticipate the demand is likely to come from a variety of the following types of occupiers:

- Food creation (not for consumption on these premises)
- Specialist building services, e.g. locksmiths, air conditioning
- Maker craftsmen e.g., knitters
- Office services
- E deliveries
- Maintenance
- Artists
- Hi tech
- Storage and distribution
- Training
- Co working office

These are broken down further in our Appendix K: Potential uses and their employment generation. The above list of potential occupiers has been agreed with the Council as set out in the Statement of Common Ground.

8.4 Case history

One company alone that we deal with, Artistic Spaces (<https://artistic-spaces.co.uk>) which originally set up as artists' studios but now provides space for a much broader range of creative tenants, has experienced the following space and demand:

	SIZE SQ FT	DESCRIPTION	TIMING
Wharf Street, Deptford, SE8 (just in Greenwich borough);	23,000	52 units 70% of the 52 units are already let for creative arts use	Acquired October 2022 fitted out principally by February 2023, not all yet finished

Juno Way, SE14 – multi-floor industrial	27,000	100% let	Over a number of years, the space has consistently been full
Latona Road (Southwark)	25,000	95% let	The space has consistently been full over a number of years
Former Annerley Bowls Club, Annerley Road (Bromley)	15,000	Recently acquired 80% let	October 22 was finished and by end of February 27 out of 42 units were let
Action House, Sandgate Street, SE15	12,000	100% let	The space has consistently been full over a number of years
Silwood Street, SE16 (Lewisham). They are in the process of acquiring the building	16,000	New commercial space under residential	Divided between ground and first floor - U/O halfway through construction

Whilst these properties are generally capable of division into smaller units, they do not provide the good headroom offered in the proposed property, which is likely to compensate in terms of the demand in relation to the greater flexibility of sizes available within their units.

8.5 A further case study on new a new development, which I believe is relevant to whether there is demand and, in particular, for space without yards, is in Silwood Street SE16 which I consider as follows. Silwood Street 16 c. 3.7 miles from the property:

This is a new development comprising up to 16,286 sq ft of commercial space equally divided between the ground and first floor. It is probably about 9 months prior to completion, and I agreed an offer with solicitors instructed to let/sell it to a serviced studio provider. There is no external yard space, and the ceiling height is 4 and 3 metres respectively on the ground and first floor, which has not been an issue in our negotiations. A copy of the draft brochure is attached as Appendix O. I am aware of other interests in commercial space under residential developments but, as is often the case with ‘off market’ pre lets, this information is currently confidential.

8.6 The LPA reference the marketing not being able to plan in advance of practical completion in their point 3. The above example illustrates that, once planning permission is granted, there is a possibility of attracting a serviced operator. There is then a fallback option aimed at small local businesses, but they do not tend to plan long in advance, and marketing cannot realistically start until, say, 3 months of practical competition.

8.7 In summary, I anticipate there will be a good demand for these units given the loading, exceptional ceiling heights and lack of supply of quality space in the south London area. However, the values as stated above in point 7, given the returns are not independently economic therefore there is a balance between supplying the commercial space subsidised by the residential space. Increasing the commercial subsidised element here is likely to make the development uneconomic even given the residential subsidy. This is especially relevant at the moment as residential sales are currently suffering badly due to the poor state of the economy, build costs etc. see Appendix J Bank of England Agents’ summary Q2.

9. MARKETING

9.1 Strategy

I have previously set out an initial marketing strategy for the current owners, which I am confident will identify occupiers within 6 months of practical completion. I understand that the Council propose to secure a Marketing Strategy via a suitably worded condition.

10. EMPLOYMENT

10.1 I have considered both the existing and the potential employment on site and set these out on a table attached as Appendix K referred to as: potential uses and their employment generation.

I am informed by Kitewood that there are currently 19 employees on site, which is broken down as follows:

Address in Willow Way	Business	Use	Current Employment	Size SQ M	Typical SQ M Employment for this use***	Typical employment for this use total
21/25	Delta Motors	Car repairs, sui generous	3	342	47	7.3
27/49	Hallmark Catering Hire*	Catering hire B8	10	671	70	9.6
51/57	Beeline Services *	Coffee machine suppliers E g iii/B8	6	330	58.5	5.6
Total			19	1,343	175.5	22.5

* No website or website not working for more information on their use.

** Average between uses

*** Light industrial as sui generous

**** Figures taken from HCA Guidelines

10.2 Appendix K, Potential uses and their employment generation, comprises a table that considers the potential employment for different uses based on the Homes and Community Guidelines 2015, the latest edition they have published. Whilst this is not 100% up to date, I would not expect the employment density to vary greatly from current trends.

Assuming the average employment from the various uses, there would be 43 people employed full time on site; an increase of 24 or 226%.

10.3 Kitewood have commented directly on the relocation of the existing occupiers. None of the current users are likely to be a great magnet to attract other businesses, such as I would expect if, say, Google were to set up a satellite unit here.

10.4 In Appeal Ref: APP/M9584/W/19/3233990 60 Dace Road, London, E3 2NN. This is attached as Appendix I

The inspector, quite rightly in my view, considers the likely ongoing employment within the proposed development weighed against existing employment levels. On that basis, the proposed development here would not only represent a significant increase in immediate employment but, the businesses moving in there are more likely to be sustainable, clean and to provide employment on a long-term basis.

10.4.1 Another factor that is often ignored in mixed-use developments is the spinoff employment the residential use creates in terms of :

- Retail plus F&B in the area
- Deliveries to the flats
- Working from home within the flats
- Maintenance of the flats

10.4.2 I am not aware of any studies that have quantified the employment numbers, but I anticipate it would be significant and should not be ignored.

11. SUMMARY AND CONCLUSION

11.1 INTRODUCTION

I am Richard Kalmar, a very experienced commercial estate agent who has worked in the area around the subject property for over 45 years, including running my own agency business for many years. I have been and am currently involved in many activities related to commercial agency in the area and feel I am well qualified to advise on the requirements of modern business.

11.2 BACKGROUND AND SCOPE

My proof relates to an appeal application, by Kitewood Estates, at 21/27 Willow Way SE26 4QP for permission to demolish the existing warehouse buildings and construct a commercially led development of 3 new industrial units, comprising a total of 1,401 sq m (15,080 sq ft) under 60 residential units. This forms part of a suite of proofs from other professionals and is focused on the employment potential. It addresses comments made by the LPA going through the report.

The comments made are my own, which I believe to be correct and understand my duties are to the planning inspector, rather than my instructing client Kitewood.

11.3 LOCATION

11.3.1 The property is situated on a local industrial estate in a principally residential area about 5.5 miles south of central London. Public transport is reasonable, with 2 stations nearby and a PTAL rating of 4.

11.3.2 Traditionally there were older style industrial businesses in the area, but they have moved out due vehicular transport and land considerations as the area is changing to be more aligned with central London and increasingly light industrial use. It is less suited to office use, being away from a central business district in an ever more selective market.

11.4 DESCRIPTION

11.4.1 There are currently 3 mainly 2 storey warehouses/industrial buildings, with an area of 1,401 sq m (15,080 sq ft) set around a yard to the rear on a level but irregular shaped parcel of land. They appear to date from the latter half of the last century and whilst they have been maintained are, in my view, reaching the end of their useful life.

11.4.2 The proposal sets itself apart from other mixed-use proposals in that the specification is much more focused on commercial use than is usually the case. This includes, 6 metre ceiling height in more than half of the space, lifts to the mezzanine areas, flues running up to the roof, fully glazed large windows and loading doors directly onto the street, and a sustainable energy efficient building, with a modern image fit for the future.

11.4.3 The LPA argue that the mezzanine areas should be excluded from the floor areas, which given their substantial nature with lifts is not in keeping with the benefits of the units or conventions on other estates nearby. This is particularly the case as the existing ceiling heights are lower than those proposed. The claimed loss of industrial space also does not acknowledge that most of the current space is used for warehouse purposes, and that there is a flat within the existing buildings.

11.5 TENURE

11.5.1 The units are independent and can be sold or let to suit market demand.

11.6 PLANNING/USE

11.6.1 I have not commented on planning issues in general as these are covered in Paula Carney's proof.

11.6.2 I believe that a flexible approach targeting modern businesses is likely to produce more sustainable long-term employment. Elsewhere in the area a rigid adherence to only allowing older style industrial buildings has, in my view, held back areas especially in terms of employment.

11.6.3 Where other sites have been granted mixed-use consent, development has proceeded to improve the area and provide useful employment and housing.

11.7 TERMS

11.7.1 I have researched levels of rent and prices achieved (which in the current market are low) being in the region of £140 psf (£13 psf) rents and £1,500 psm (£137 psf) sales. This is less than the build cost, thus development is only likely to happen if subsidised by the residential element.

11.8 DEMAND/SUPPLY

11.8.1 I have had my office do extensive research on the supply and demand (take up) within a three-mile radius of the site, this, in my view, is the typical area an applicant may consider as an alternative to the property. This indicates that there is relatively little supply in comparison to the take-up of reasonable quality property for sale and even to rent. Roughly half the stock is taken annually, and the supply tends to be of a poor quality.

11.8.2 I have identified various uses from discussions with my colleagues who are regularly letting/selling stock in the areas and the areas of demand, which are mainly from very light industrial uses.

11.8.3 I have cited a company I know well who provide serviced studio space, for which they have good demand and are rapidly acquiring space for light industrial studios.

11.9 MARKETING

11.9.1 The Council can impose a suitably worded condition in relation to a Marketing Strategy and I am confident that the proposed floorspace will be attractive to a range of potential occupiers.

11.10 EMPLOYMENT

11.10.1 I understand there are currently 19 full-time staff employed from the site, which is in line with the typical numbers I would expect for a building of this size, given the uses. This is notwithstanding the problems of the existing buildings. Based on the HCA's employment guidelines as attached as Appendix E, the proposed development is likely to employ 43, an increase of 226%. These will be in contemporary high-quality buildings that are more likely to be sustainable businesses both in the sense of economically viable and also in terms of protecting the environment.

11.11 CONCLUSION

11.11.1 The proposal is to replace the current dated warehouse buildings with an increased area of modern sustainable workshops/factories, financially supported by the much-needed residential use above. The design is exceptionally focused on the commercial space for a mixed-use development, with high ceilings, lifts and direct loading for which I anticipate good demand. This will increase the employment potential and provide much needed housing above.

GLOSSARY

LPA Local Planning Authority

POE Proof of Evidence

SOC Statement of Case

LEL Local employment land

KALMARs

SOUTH LONDON'S LEADING AGENTS

Jamaica Wharf, 2 Shad Thames, London, SE1 2YU T: 020 7403 0600 | E: info@kalmars.com

[KALMARs.com](https://www.kalmars.com)



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