

## Evidence base to support the justification of the new Article 4 direction at Luton town centre and surrounds

**Author:** Planning Policy Team, Luton Borough Council

**Contact:** [LocalPlan@luton.gov.uk](mailto:LocalPlan@luton.gov.uk)

**Version:** 1.0 (published)

**Last updated:** July 2022

### Contents

List of tables .....	2
List of Figures .....	2
Background .....	3
Problem Definition .....	3
Justification for the proposed Article 4 Direction at Luton town centre and surrounds .....	5
The Office and Industrial market .....	6
Job growth estimates .....	6
Demand vs Supply of office space .....	7
Rate of unemployment and claimant activity .....	10
Lack of knowledge based industries in Luton Borough Council .....	10
The rise of homeworking and the impact on the demand for office space .....	11
Residential Market Overview .....	12
Vacancy rates and quality of office stock .....	14
Retail Market Overview .....	17
Policy context .....	20
National planning context .....	20
Local policy context: Luton Local Plan 2011-2031 .....	21
Article 4 directions - proposed sites .....	23
Land at Kingsway .....	23
Land to the north-west of Osborne Road .....	23
Land at the junction of Putteridge Road and Hitchin Road .....	24
Premier Business Park, Dencora Way .....	24

Luton town centre and surrounds .....	24
Land at Percival Way and President Way.....	24
Land to the north of the junction between Wigmore Lane and Eaton Green Road .....	25

## List of tables

Table 1 EFFM Baseline Forecast Employment Change in Luton 2011-2031 .....	6
Table 2 Gross Floor space Requirement by Scenario = 2011-2031 (m2).....	8
Table 3 Demand v Supply of Industrial Space in Luton by Scenario (m2) covering period 2011-2031 .....	8
Table 4 Demand v Supply of Office Space in Luton by Scenario (m2) covering period 2011-2031 .....	8
Table 5 Average Residential Values by Postcode .....	13
Table 6 Office Market Overview.....	15
Table 7 Quality of Office Premises Review.....	16
Table 8 Area by Area Office Value Analysis .....	16
Table 9 District and neighbourhood centres.....	18
Table 10 Retail Market Overview .....	19
Table 11 Area by Area Retail Value Analysis.....	19
Table 12 local plan net additional convenience floor space requirements .....	23
Table 13 local plan net additional comparison floor space requirements .....	23

## List of Figures

Figure 1 average price paid, Luton Borough.....	12
Figure 2 -employment spaces in Luton, Luton Article 4 direction - employment report April 2022, Avison Young.....	14
Figure 3 Retail Areas .....	17

## Background

The new permitted development right for Class MA replaces Class O and part of Class M as they previously related to the change of use of office and retail premises to residential uses respectively.

Permitted development rights granted by the new Class MA must meet all of the following criteria;

- The building must have been vacant for a continuous period of at least three months immediately prior to the date of the application for prior approval.
- The building must have been in Use Class E use for a continuous period of at least two years prior to the date of the application for prior approval.
- The cumulative floor space of the building to be converted cannot exceed 1,500 square metres (by cumulative, it means including all previous applications under Use Class MA).
- The building (or land on which it sits) cannot form part of a site of special scientific interest, a listed building or its curtilage, a scheduled monument or its curtilage, a safety hazard area, a military explosives area.
- The building cannot be within an area of outstanding natural beauty (AONB), an area specified by the Secretary of State for the purposes of section 41(3) of the Wildlife and Countryside Act 1981, the Broads, a National Park or a World Heritage Site.

Applications for prior approval for the new Class MA are also subject to the following conditions that are required to be assessed;

- The impact of that change of use on the character or sustainability of the conservation area;
- Transport impacts of the development, particularly to ensure safe site access;
- Contamination risks in relation to the building;
- Flooding risks in relation to the building;
- Impacts of noise from commercial premises on the intended occupiers of the development;
- Where the building is located in a conservation area; and the development involves a change of use of the whole or part of the ground floor, the impact on the local provision of the type of services lost;
- The provision of adequate natural light in all habitable rooms of the dwelling houses;
- The impact on intended occupiers of the development of the introduction of residential use in an area the authority considers to be important for general or heavy industry, waste management, storage and distribution, or a mix of such uses; and
- Where the development involves the loss of services provided by; a registered nursery or health centre maintained under section two or three of the National Health Service Act 2006; the impact on the local provision of the type of services lost.

In addition, developers will need to submit a floor plan showing the total floor space in square metres of each proposed dwelling house. This will be subject to the national space standards requirements<sup>1</sup> (a condition) that the now expired Class O and M were not subject to). There is also a requirement to notify adjoining owners and occupiers of the intended change of use via consultation.

## Problem Definition

Under the permitted development regime, the Council is not able to exercise full planning control on conversions from commercial, business and service uses (including offices) to residential units. Permitted development under Class MA can only give consideration to issues relating to; impacts relating to the character and sustainability of the conservation area, transport and highways issues, loss of residential amenity, contamination risks, flood risks, provision of natural

---

<sup>1</sup> Article 3, Para 9A and 9B of the General Permitted Development Order 2015 (as amended), enacted 06 April 2021

light within the new dwelling) hence the consequences for the wider urban environment and for the Council are not considered (including causing additional costs).

These type of conversions cause a number of issues for Luton and the town's priorities as outlined in the adopted local plan, Council's constitution and supporting strategies.

Issues arising from conversions from retail to residential under Class M and offices to residential under class J (post May 2013) and class O (post 30 May 2016 and pre 01 August 2021) can be seen from prior approval applications that have been permitted in the past.

Examples of office to residential conversions that have been permitted following a request for prior approval include;

- 13/01643/COM; Wesley House, 19 Chapel Street, Luton, Bedfordshire, LU1 2SE *Request for Prior approval - Convert office accommodation 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th 9th and 10th floors from office to dwellings i.e. Class J - change of use from B1(a) (offices) to C3 (dwellings).*
- 15/00552/COM; Unity House, 111 Stuart Street, Luton, Bedfordshire, LU1 5TD *Request for prior approval - Change of use from class B1(a) (offices) to C3 (dwellings). Class J.*
- 16/00677/COM; Chubb House, 400 Dallow Road Luton, Bedfordshire, LU1 1UL *Request for Prior Approval - change of use from office(s) (B1a) to (C3) residential. (Class O) 130 Dwellings.*

Examples of retail to residential conversions that have been permitted following a request for prior approval include;

- 20/01182/PARTR; 62 Fountains Road, Luton, LU3 1LY  
Request for Prior Approval under Part 3 Class M of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of ground floor from Class A1 (now Class E) to C3 (dwellings) - 2 flats (1x one bed & 1 x two bed).
- 21/00419/PARTR; 71 - 73 Wellington Street, Luton, LU1 5AA,  
Request for Prior Approval Class M of Part 3 of Schedule 2 of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of a building from retail (Class A1) to Dwelling houses (Class C3). 3 one bed flats and for building operations reasonably necessary for the conversion.
- 21/00483/PARTR; 324 Dunstable Road, Luton, LU4 8JP,  
Request for Prior Approval Class M of Part 3 of Schedule 2 of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of a building from retail (Class A1) to dwelling houses (Class C3). 5X Studio flats.
- 21/00596/PARTR; 74 Wellington Street, Luton, LU1 5AA  
Request for Prior Approval under Part 3 Class M of the Town and Country Planning (General Permitted Development) Order 2015 - Change of use of ground floor from Class A1 (now Class E) to C3 (dwellings) 1 x dwelling house on ground floor and basement.

All the above retail to residential conversions with the exception of 62 Fountains Road, are all located within Luton's town centre Core. It should also be noted that there has not been an Article 4 direction in place removing permitted development rights to covert retail uses to residential uses.

The issues that will arise for Luton if the proposed Article 4 directions are not implemented are summarised below (in no order of significance):

- Loss of employment space, resulting in loss of potential jobs and inward investment
- Lack of facilities for recreation space (especially for children)<sup>2</sup>.
- Increase in population and, particularly, requirements for additional local school places

---

<sup>2</sup> Clifford, Canelas, Ferm, Livingstone, Lord, Dunning, (2020) ,Research into the quality standard of homes delivered through change of use permitted development rights

which are not necessarily accounted for in school roll projections (as these are unplanned developments) and hence adding to the shortage of school places across the Borough. Education data shows that the 130 units at Chubb House have resulted in an additional 57 children requiring school places in September 2017 (of which 22 are in Year R or Year 1).

- Increased domestic waste generation (in potentially inappropriate locations for effective disposal).
- Poor quality residential accommodation: Limited or no private amenity space likely loss of potential family homes that would have been required under the full planning process, and a proliferation of one bedroom flats, poorer outlook, access to natural daylight, sunlight compared to residential units granted under full planning permission<sup>3</sup>. using Chubb House, Dallow Road as an example which included 15\*2beds and 2\*3beds with remaining 113 residential units as 1 bed and studio flats, resulted in 87% of the housing provision from the application as either 1bed or studio flats. This is the inverse of Luton's housing need for predominately three bedroom homes.
- Loss of s106 contributions: Education data shows that the prior approval application permitted at Chubb House should have made a £109,000 contribution towards education requirements.
- Negative impacts on the ability for Luton Council to plan for growth of office, light industrial jobs. The need to plan for these uses is outlined in section 5.2 of the Luton Local Plan 2011-2031.
- Negative impacts on the vitality and viability of the Luton town centre and other centre designations with the loss of commercial uses to unplanned housing. The need to establish and preserve an effective network and hierarchy of Town, District and Neighbourhood centres to serve the heart of the local community is outlined in Strategic Objective 4 Luton Local Plan 2011-2031.

In areas where residential values are significantly higher than those for Class E uses, there is likely to be heightened risk of conversion. <sup>4</sup>

### Justification for the proposed Article 4 Direction at Luton town centre and surrounds

Luton's monitoring report 2017/2018 published in May 2019 identifies that through prior approval/permitted development applications across the borough, a net gain of 257 dwellings were created in 2017/18. These include conversions from retail and employment uses to housing. 210 of these were 1-bed units, 44 were 2-bed units and 3 were 3-bed units.<sup>5</sup>

A further 314 dwellings were under construction, while extant permissions for a further 293 had yet to commence. 537 of these are for 1-bed units, 65 are 2-bed homes and 3 are 3-bed homes and 2 are 4-bed homes.<sup>6</sup>

The monitoring report also identified 11,023sq.m of office space was being lost through the permitted development to residential uses between 2017/18. <sup>7</sup>

A significant amount of these residential units being created via permitted development were noted as being 1-bed homes that do not meet identified needs.

A higher proportion of dwellings rather than flats are required, with a priority need for 3 bedroom dwellings and above as reflected in section 6 Housing of the adopted Luton Local Plan.

A town centre and surrounds Article 4 direction will ensure planning permission as required,

---

<sup>3</sup> Ibid.

<sup>4</sup> Luton Article 4 direction-Employment Report April 2022- Avison Young

<sup>5</sup><https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Local%20Plan/Infrastructure%20and%20delivery/del-009.pdf>

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

enabling good quality homes to be delivered in appropriate locations, fully assessed residential use, and planned and supported by appropriate social infrastructure for future occupiers. Luton Council therefore seeks to continue to retain tighter planning control within Luton town centre and Surrounds which contain sites which play an important role in accommodating economic growth, increasing employment opportunities and providing important infrastructure for residents and visitors to Luton in meeting day-to-day needs and providing a range of opportunities to shop, eat out and socialise.

### The Office and Industrial market

The Employment Land Review 2013 (ELR) was commissioned to form part of Luton's evidence base for the adopted local plan (Luton 2011-2031). The ELR highlighted Luton's need to retain and increase commercial space to accommodate forecasted growth in employment.

The ELR noted that in Luton, there are two largely separate office markets; town centre office stock which generally tends to be older, poorer quality and accommodating smaller, lower value businesses; and out-of-centre provision, which tends to be more modern high-quality spaces

The 'Review of town centre office/business premises for alternative re-use' 2013 prepared by Peter Brett Associates LLP further noted that the Luton Town centre office market does not have an established office core or a significant single occupier which underpins the market, as a result the office market within this location is fragmented and the type and quality wide ranging.<sup>8</sup>

### Job growth estimates

The ELR 2013 analysed forecasts of job growth for Luton Borough up to 2031 produced by the East of England Forecasting Model (EEFM) in 2012.

The EEFM produced forecasts on the estimated job growth expected in Luton from 2011-2031 in uses covering Manufacturing (General Industry), Distribution and Offices and Research and Development (R&D). Offices are forecasted to have the largest job growth of these sectors amounting to a net gain of approximately 8,790 jobs. Based on EEFM forecasts this represents 49 per cent of the overall job growth forecast in Luton which is predicted as 17,825 which is expected to be mainly within retail, health care, leisure and air transport. However it should be noted that now some elements of manufacturing, retail, healthcare and leisure all fall within E Class uses.

Table 1 EEFM Baseline Forecast Employment Change in Luton 2011-2031<sup>9</sup>

	No. of jobs		Change
	2011	2031	2021-2031
Manufacturing	13,375	10,155	-3,220
Distribution	8,595	10,695	2,100
Offices	18,230	27,030	8,790
<b>Total B-class jobs</b>	40,200	47,880	7,670
<b>Jobs in all sectors</b>	96,350	114,175	17,825

Source: EEFM/ Nathaniel Litchfield and Partners analysis 2012 – total jobs including self-employed \* numbers rounded. Nathaniel Litchfield and Partners (NLP) ELR 2013

\*References to B-Class predate changes to the Use Classes Order 1987 and the new Use Class E.

<sup>8</sup> Peter Brett Associates (2013) Review of town centre office/business premises for alternative re-use.

<sup>9</sup> Nathaniel Litchfield & Partners (2013) Luton Borough Council, Employment Land Review , Final Report, March 2013

## Demand vs Supply of office space

The ELR 2013 confirmed that Luton had above average unemployment, modest levels of new firm formation and a predominantly lower skilled workforce. Representation in 'knowledge based sectors' (a sector which is increasingly based on knowledge-intensive activities, creating a greater reliance on intellectual capital rather than physical inputs) is generally low, although its level of business service jobs has been above average.<sup>10</sup>

Luton's employment space is predominantly (78 per cent) industrial, which is considerably more than neighbouring boroughs, with more modest level of office provision.<sup>11</sup>

Between 2002-2008, where uses relating to commercial non-retail uses were being lost (mostly industrial), there had been sizeable gains in office provision to offset this.

In the town centre and edge of town centre, where some offices may have become old and not fit for purpose, and proposals to refurbish and modify these offices have not been coming forward, some loss of office space could potentially be released for office conversions into other uses, however it is the Council's approach that the release of commercial premises within the Town centre and Surrounds is delivered via planned approach which meets identified needs of housing types whilst safeguarding the vitality and viability of the town centre.

The ELR 2013, assessed future requirements for employment space under a range of economic scenarios and approaches, reflecting forecasts of employment growth from the East of England Forecasting Model (EEFM) and projecting forward past development trends in Luton.

Five scenarios were considered. These approaches are explained in detail below. All scenarios in concluding their estimates for floor space requirements to accommodate future growth considered floor space needs depending on the nature of use, with consideration of average vacancy rates, and potential and unforeseen factors which could affect realisation of estimates, such as delays in completion of developments and forecasting errors.

Scenario 1 - EEFM job growth: This scenario looked at requirements for estimated job growth based on the EEFM.

Scenario 2 - ONS based job growth: This scenario looked at requirements for estimated job growth based on EEFM projections for employment but also considered Office for National Statistics estimates of population and migration change in the borough.

Scenario 3 - Baseline Past Development Rates: This scenario produces estimates on required floor space to accommodate future growth based on past development trends between the years of 2001 and 2011 to forecast how much would be required for 2011-2031 if the development trend remained exactly the same.

Scenario 4 and 5 - Lower and Higher Development Rates: These scenarios were based on average completion rates between 2001-2011 but excluding years where development was particularly high (2007/2008) or unusually low (2010/11). Scenario 4 reflects a more pessimistic future outlook than scenario 3 where future growth rates never quite reach the higher past rates in a much slower period of national economic growth and scenario 5 reflect a more optimistic outlook in which the low rates of 2010/11 are not repeated and UK economic recovery is better than expected.<sup>12</sup>

Some reflect assumptions of higher future development rates in Luton than in the recent past, and some were lower.

---

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid

Table 2 Gross Floor space Requirement by Scenario = 2011-2031 (m2)<sup>13</sup>

Scenario	Labour demand		Past development rates		
	1 EEFM job growth	2 ONS based job growth	3 Past take-up continues	4 Lower future take-up	5 Higher future take-up
Offices	133,200	132,300	147,600	125,900	159,200
Light industrial General Industrial and Storage and Distribution	96,200	93,800	175,000	90,500	199,600
<b>All B Uses</b>	<b>229,400</b>	<b>226,200</b>	<b>322,600</b>	<b>216,400</b>	<b>358,800</b>

Source: Nathaniel Litchfield and Partners (NLP) ELR 2013

Whilst the ELR 2013 assessed demand versus supply in forecasting requirements for employment floor space between 2011 and 2031 for industrial and office uses based on five different growth scenarios, whereas industrial uses were found to be potentially in surplus in three of these scenarios, forecasts for office space requirements in comparison was noted as having a significant shortfall of office space supply in all five potential growth scenarios. This shortfall ranged from 5,300m<sup>2</sup> to 38,600m<sup>2</sup>. It should be noted that even those figures were dependent on developments on all identified land supply coming forward.

Table 3 Demand v Supply of Industrial Space in Luton by Scenario (m2) covering period 2011-2031<sup>14</sup>

	1 EEFM job growth	2 ONS based job growth	3 Past take-up continues	4 Lower future take-up	5 Higher future take-up
Requirement for industrial space (m2)	96,200	93,800	175,000	90,500	199,600
Available supply (m2)	154,770				
Surplus (+)/shortfall(-) (m2)	+58,570	+60,970	-20,230	+64,270	-44,830

Source: Nathaniel Litchfield and Partners (NLP) ELR 2013

Table 4 Demand v Supply of Office Space in Luton by Scenario (m2) covering period 2011-2031<sup>15</sup>

	1 EEFM job growth	2 ONS based job growth	3 Past take-up continues	4 Lower future take-up	5 Higher future take-up
Requirement for office space (m2)	133,200	132,300	147,600	125,900	159,200
Available supply (m2)	120,600				
Surplus (+)/shortfall(-) (m2)	-12,600	-11,700	-27,000	-5,300	-38,600

Source: Nathaniel Litchfield and Partners (NLP) ELR 2013

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

Since 2011/12 up until March 2018 already, 48,312sqm. Of office floor space has been lost, with only one year seeing a net gain.

In light of the forecasted shortfall in office space required to meet expected job growth in Luton, ELR 2013 is clear in that Luton needs to: *'retain its main existing sites, as far as a possible and to ensure employment space is delivered on them within the plan period.'*

It was also advised in the ELR 2013 that most of the older employment areas should be retained until replacement sites become available.<sup>16</sup>

In order to address the forecasted shortfall in office space needed to support growth in Luton, the ELR 2013 has suggested a number of solutions to increase office provision including, encouraging more office development on all employment sites as such the loss of any office space would be contrary to seeking to increase office floor space in Luton to attract economic growth and inward investment.

The more recent, Luton Article 4 direction employment report April 2022 prepared by Avison Young, noted that offices in terms of land use were the most at risk out of all of the Use Class E uses from conversion to residential uses because the typology of offices are the closest to residential as compared to other uses where the makeup of the building is not as straightforward and similar to existing residential typologies.<sup>17</sup>

As such it is deemed essential to put in place Article 4 directions to exercise tighter planning control over Use Class E conversions to residential use to preserve office floor space which Luton currently is in short supply of in all growth scenarios listed above.

Luton has a notable history of significant permitted development conversion. Data from the Ministry of Housing, Communities and Local Government shows there were 875 office-to-residential conversions in Luton in the five years to 2019/20.<sup>18</sup> This accounts for 25 per cent of the 3,490 new homes created in the area over the same period - while across England as a whole, the average was just 6 per cent.<sup>19</sup>

The Luton Article 4 direction employment report April 2022 also compared the trends of office and light industrial rental growth and noted whilst national office rental value growth was modest at 1.1 per cent over 2021 which is likely due to the pandemic and the working from home guidance from government (which has now been removed), demand for space where businesses need to be in situ has been more resilient than office space over the course of the pandemic such as light industrial space, general industrial space. This is evidenced by the national industrial market, which saw high levels of demand during 2020 take up reached 49 million sq. ft. which is far higher than the previous record of 34 million sq. ft. in 2016.<sup>20</sup>

Consumer demand for competitive prices and short delivery times has risen as a result of the pandemic with growing demand for urban logistics hubs. This has led to growth in demand for light industrial space, meaning potential opportunities for economic growth for this area.<sup>21</sup>

---

<sup>16</sup> Ibid.

<sup>17</sup> Luton Article 4 direction-Employment Report April 2022- Avison Young

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

## Rate of unemployment and claimant activity

The ELR 2013, provided evidence that the Borough's unemployment rate was higher at 10.8% than the regional average (6.6 per cent) and national average (8.1 per cent) rates.<sup>22</sup>

Claimant unemployment was also noted as rising significantly in Luton from 2.6 per cent at the start of the recession in early 2008 to 4.8 per cent in August 2012. This was noted as being higher than in the East of England (3.0 per cent) and also above the national average (3.8 per cent).<sup>23</sup>

Up to date figures, show that six months into the pandemic, Luton had the eighth highest claimant count out of 63 major towns and cities in the UK and the seventh highest rate of furloughed workers.<sup>24</sup>

Covid-19 has affected local economies differently. Luton is in the top ten cities and towns for:

- Claimant count as share of working-age population, August 2020 (at 8.76 per cent)<sup>25</sup>.
- Luton's economy is particularly vulnerable due to high numbers (33 per cent) working in 'at risk' sectors.<sup>26</sup>

Luton is currently ranked the 70th most deprived out of 317 local authorities, which places it among the 50 per cent most deprived areas.<sup>27</sup>

The Luton 2020-2040 vision, (the town wide, Council vision for Luton) has highlighted addressing poverty as the most important issue in Luton, recognising that Luton suffers from one of the highest poverty rates in the country.<sup>28</sup>

COVID-19 has been further exacerbated this; early indications suggest that Luton could be the second most affected town in the country in terms of job losses with around 16,000 jobs identified in sectors that are very vulnerable.<sup>29</sup>

## Lack of knowledge based industries in Luton Borough Council

Knowledge-based industries are sectors of the economy where value added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology.

Knowledge based sectors typically include the following occupations:

- High-tech manufacturing (computer, electronics, aerospace).
- Service sector industries, such as education healthcare and software design.
- Business services such as insurance, information and communications.

Firms within this sector tend to grow faster and have greater future potential than other sectors

---

<sup>22</sup> Nathaniel Litchfield & Partners (2013) Luton Borough Council, Employment Land Review , Final Report, March 2013

<sup>23</sup> Ibid.

<sup>24</sup> Luton Council Corporate Plan 2021-2023, Luton 2020-2040, A place to thrive,

[https://www.luton.gov.uk/Council\\_government\\_and\\_democracy/Lists/LutonDocuments/PDF/Policy%20and%20Performance/LBC-corporate-plan.PDF](https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Policy%20and%20Performance/LBC-corporate-plan.PDF)

<sup>25</sup> Luton Covid-19 Economic Recovery Plan Crisis, Rescue, Recover, Reform 2020 to 2022, Luton 2020-2040, A place to thrive

<sup>26</sup> Luton Covid-19 Economic Recovery Plan Crisis, Rescue, Recover, Reform 2020 to 2022, Luton 2020-2040, A place to thrive

<sup>27</sup> 2019 Indices of Multiple Deprivation Summary (2019)

<https://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Planning/Observatory/2019-indices-of-multiple-deprivation-in-luton.pdf>

<sup>28</sup> Luton 2020-2040, A place to thrive

[https://www.luton.gov.uk/Council\\_government\\_and\\_democracy/Lists/LutonDocuments/PDF/Luton2020-2040/Luton-2040-strategic-vision.pdf](https://www.luton.gov.uk/Council_government_and_democracy/Lists/LutonDocuments/PDF/Luton2020-2040/Luton-2040-strategic-vision.pdf)

<sup>29</sup> Ibid.

and so are considered an important indicator of an economy's competitiveness and future growth prospects.

Only 18.9 per cent of Luton's businesses were knowledge-based in 2010 – significantly lower than the East of England and national rate of 21.8 per cent and the lowest rate in Bedfordshire. This suggests the Borough is under-represented in these types of businesses, businesses that are more likely to generate future growth.<sup>30</sup>

The need to build economic growth and prosperity and enhance skills and education in Luton is listed as one of five strategic priorities in Luton Investment Framework (LIF) 2016-2020. These priorities were listed as key strategic priorities in order to raise the aspirations of Luton's residents and businesses and ensure the right mix of qualifications and skills for new jobs and to meet Luton employer's needs. The council during this time has prioritised '*business engagement activities with business sectors that have the potential for significant employment growth in the town;*'

This includes the knowledge based related industries of creative arts and media, Technology, Aerospace and aviation and advanced manufacturing, engineering and automotive.

The Luton 2020-2040 vision further builds on the priorities of the LIF to ensure that one of the key priorities between 2020 and 2025 in direct response to COVID-19 was to secure a 'strong economic recovery' which seeks to protect jobs, incomes and business. A key target outcome in achieving this is to upskill the local workforce and by diversifying into knowledge based sectors such as digital, creative and aviation industries.<sup>31</sup> These sectors are commonly supported by offices.

### The rise of homeworking and the impact on the demand for office space

It is noted that agile working and the rise of home working has increased since the ELR 2013 and even more since the pandemic where during the lockdown in 2020-2021, workers were mandated to stay at home by the government. Research from the Chartered Institute of Personnel and Development (CIPD) following a review of the increase of homeworking during the pandemic concluded that, although benefits were noted from the rise of homeworking which included a better work–life balance for employees, most notably the reduction in commuting time and cost for employees, having fewer distractions to complete tasks and better collaboration that has been facilitated by the technology, it was also noted that many employers acknowledge that some employees are keen to return to a central 'workplace', due in part to poor homeworking environments and limited social interaction. In addition, some employers highlighted other challenges with homeworking, such as reduced mental wellbeing, staff collaboration and line management – which they say would be overcome if workers were in the office at 'least some of the time.'<sup>32</sup>

These findings are indicative of a potential sharp rise in partial homeworking (hybrid working) where workers are likely to attend a 'workspace' one to three times a week together with working from home rather than a complete shift to full-time homeworking in future.<sup>33</sup>

This evidence suggests that the rise of homeworking does not make the need for office space obsolete, as a central workspace is still valued for those that cannot work from home as well as to assist hybrid working (both working from home and within a workspace) which is expected to rise.

---

<sup>30</sup> Nathaniel Litchfield & Partners (2013) Luton Borough Council, Employment Land Review , Final Report, March 2013

<sup>31</sup> <https://www.luton.gov.uk/Business/Lists/LutonDocuments/PDF/LIF/lif-brochure.pdf>

<sup>32</sup> CIPD, (2020) Embedding new ways of working, Implications for the post-pandemic workplace, [https://www.cipd.co.uk/Images/embedding-new-ways-working-post-pandemic\\_tcm18-83907.pdf](https://www.cipd.co.uk/Images/embedding-new-ways-working-post-pandemic_tcm18-83907.pdf)

<sup>33</sup> CIPD, (2020) Planning for hybrid working

The Avison Young Economic Property Market has suggested that demand for office space already appears to be recovering with the end of 2021 delivering strong take-up, up 42 per cent on 2020 in the major cities outside of London.<sup>34</sup>

Mckinsey and Company also noted through research that some companies are planning to shift to flexible workspaces, a move that will reduce the overall quantum of space they need and bring fewer workers into offices each day. A survey of 278 executives by McKinsey in August 2020 found that on average, they planned to reduce office space by 30 percent.<sup>35</sup> Surveys undertaken by Pricewaterhouse and Coopers (PWC) in their ‘Future of the Office Survey’ also provided similar results which found that 77 per cent of UK organisations plan to reconfigure their existing office to support the functioning of hybrid working with better facilities for collaboration, social distancing, or to other Class E uses such as cafes and canteens, doctors, dentists, gyms on site to improve employee experience and 50 per cent think they will reduce the size of their office portfolio providing shorter more flexible leases or by working with flexible space providers.<sup>36</sup> This was also concluded in the Luton Article 4 direction - Employment Report 2022.<sup>37</sup> This further indicates that although there may be a shift in how office spaces are used in requiring them to be more flexible to support hybrid working, the need for office space is still required to support new ways of working following the pandemic.

**Residential Market Overview**

Luton Borough has experienced c16 per cent growth in achieved house prices between April 2017 and April 2022, rising from an average price of £231,605 in April 2017 to £267,787 in April 2022.<sup>38</sup>

Flats achieved a less significant uplift in value over the same period with growth from an average achieved value of £144,726 in April 2017 to £151,357 in April 2022. This reflects a 4 per cent uplift in value.<sup>39</sup>

Figure 1 average price paid, Luton Borough  
Source: Land Registry<sup>40</sup>



<sup>34</sup> Luton Article 4 direction-Employment Report April 2022- Avison Young  
<sup>35</sup> Mckinsey and Company (2020) <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>  
<sup>36</sup> Pricewaterhouse and Coopers(PWC) (2021) Research, contrasting forces shaping office plans, make the case for hybrid working, <https://www.pwc.co.uk/issues/transformation/case-studies-and-insights/the-importance-of-hybrid.html>  
<sup>37</sup> Luton Article 4 direction-Employment Report April 2022- Avison Young  
<sup>38</sup> Ibid.  
<sup>39</sup> Ibid.  
<sup>40</sup> Ibid.

Luton Borough have fluctuated rising from £263psf in April 2017 to a peak of £326psf in February 2020. Latest data in January 2022 indicates a steady decline, reflecting values of £273psf. This indicates growth of c. 3.8 per cent over the whole period considered. <sup>41</sup>

Considering new build stock alone, values for flats grew from £295psf in April 2017 to a peak of £403psf in August 2018. Since then, values have dropped off, reaching £354psf in September 2020. <sup>42</sup>

The table below indicates value changes in Luton's postcode areas for new build flats. Averages have been calculated based on achieved sales values psf dating back to 2017. <sup>43</sup>

Table 5 Average Residential Values by Postcode<sup>44</sup>

	<b>Average value 2017-2022</b>	<b>Number of transactions 2017-2022</b>
<b>LU1</b>	£339.28	70
<b>LU2</b>	£369.01	60
<b>LU3</b>	£364.77	28
<b>LU4</b>	£450.07	31
<b>LU6</b>	£292.55	1
<b>LU7</b>	£271.40	8

Source: Luton Article 4 direction - Employment Report April 2022, Avison Young

The table above indicates that the highest values on a £psf basis are seen in LU4 with most active postcode markets in LU1 and LU2 with a total of 130 sales transactions for new build flats in the last 5 years. <sup>45</sup>

---

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

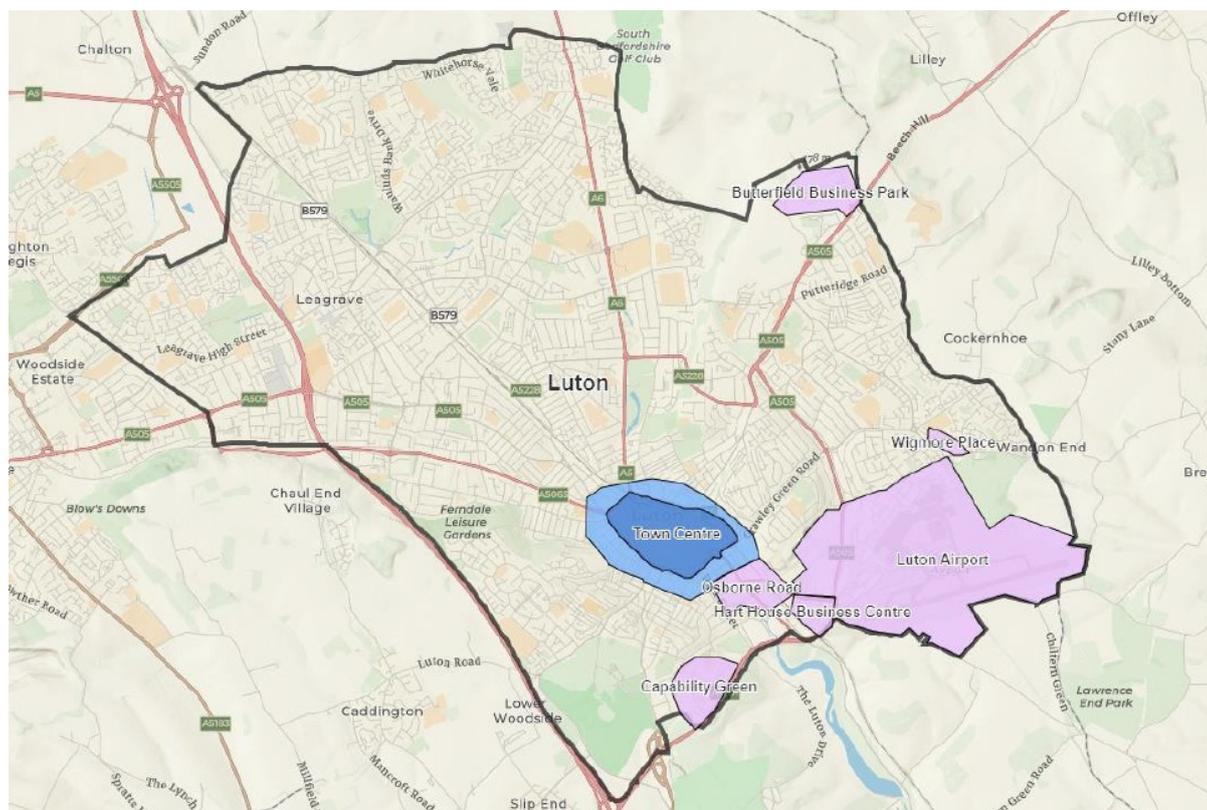
<sup>43</sup> Ibid.

<sup>44</sup> Ibid

<sup>45</sup> Ibid

## Vacancy rates and quality of office stock

Figure 2 -employment spaces in Luton, Luton Article 4 direction - employment report April 2022, Avison Young<sup>46</sup>



Employment Space	Key
Town Centre (within the ring road)	Dark Blue
Edge of Town Centre	Light Blue
Out of Town Business Parks	Pink
Suburban Businesses	Other Locations

Source: Avison Young, 2022

The Luton Article 4 direction - employment report 2022 undertook an assessment of vacancy rates in Luton and found that the offices spaces with the highest vacancy rates were the highest quality, more modern out of town offices with nearly 12 per cent, with other areas having a notably low vacancy rates at 1.5 per cent or less.

Although this could suggest the out of town centre offices are the most at risk because of the highest vacancy rates, it was noted that going forward as hybrid working becomes more prevalent as we come out of covid and the need for smaller but better quality offices to suit this flexible working style becomes more in demand, secondary office stock which were older, lower in quality stock would be at the highest risk of conversion as the cost of refurbishment and ongoing letting potential is reduced.<sup>47</sup>

The oldest and lowest quality office stock are predominantly found in the town centre.

It was also noted that, another potential reason for the low vacancy rates for offices in the town centre, edge of town centre, and Suburban areas was due to recent number of conversions of offices within the town centre to residential which has both reduced the available office space

<sup>46</sup> Ibid

<sup>47</sup> Ibid

which also lowered the vacancy rates at the same time.<sup>48</sup>

Table 6 Office Market Overview<sup>49</sup>

	<b>Buildings</b>	<b>Total floor space (sq. ft.)</b>	<b>Average size (sq. ft.)</b>	<b>Average stock age</b>	<b>Average CoStar rating</b>	<b>Vacancy rate (%)</b>
<b>Town centre</b>	143	1,559,441	10,905	1945	2.48	0.98%
<b>Edge of town centre</b>	92	498,434	5,418	1961	2.32	0.15%
<b>Out of town</b>	56	1,663,592	29,707	1997	2.93	11.89%
<b>Suburban</b>	73	405,153	5,550	1964	2.26	1.48%
<b>Total</b>	<b>364</b>	<b>4,126,620</b>	<b>11,337</b>	<b>1961</b>	<b>2.49</b>	<b>3.62%</b>

Source: CoStar, 2022, In Luton Article 4 direction - Employment Report April 2022, Avison Young<sup>50</sup>

Market rents across Luton shows an average value of £18.10 psf. This reflects an 18 per cent uplift on the 10-year average, demonstrating strong value growth. This reflects a relatively strong office market particularly when combined with the low vacancy rate above<sup>51</sup>

However, from recent transactions, market capital values reflect £187 psf, with anticipated yields reflecting c.7.5 per cent, which when combined with average market rent gives an estimated market value of £241 psf for a fully occupied office building. These are notably below the c. £350 psf achieved in new build residential development and even the average apartment value of £273 psf. This shows that residential market values are higher than office values, although consideration has to also be given to the cost of conversion with current BCIS estimates suggesting median residential conversion costs of £131 psf.<sup>52</sup>

Further consideration also must be given to the variation in office stock. Table 7, shows the variation in the market based on the CoStar quality rating (out of 5). This shows a clear correlation between quality of stock and estimated market rent with higher quality stock estimated to achieve a better rental level which can be attributable to the quality and attractiveness of the space.<sup>53</sup>

This means that there is potentially an even greater disparity between low quality office stock and residential values putting vacant low quality office stock at greater risk of conversion through Permitted Development Rights.<sup>54</sup>

<sup>48</sup> Ibid

<sup>49</sup> Ibid

<sup>50</sup> Ibid

<sup>51</sup> Ibid

<sup>52</sup> Ibid

<sup>53</sup> Ibid

<sup>54</sup> Ibid

Table 7 Quality of Office Premises Review<sup>55</sup>

<b>CoStar Rating</b>	<b>Buildings</b>	<b>Total floor space (sq. ft.)</b>	<b>Average size (sq. ft.)</b>	<b>Average stock age</b>	<b>Estimated market rent</b>	<b>Vacancy rate (%)</b>
<b>4*</b>	8	444,802	55,600	2005	£19.30	13.95%
<b>3*</b>	164	2,789,076	17,007	1967	£17.60	3.82%
<b>2*</b>	180	879,826	4,888	1953	£15.20	1.05%
<b>1*</b>	12	12,916	1,076	1957	£15.12	0.00%

Source: Luton Article 4 direction - Employment Report April 2022, Avison Young

Table 8, shows the variation in rental in the different study locations. It shows that sales and rental values are relatively high in both the Town centre and out of town locations. On the other hand, Edge of Town centre and Suburban values are lower with transaction values under £150 psf. This potentially puts these areas at greatest risk of PDR conversion.

Table 8 Area by Area Office Value Analysis<sup>56</sup>

	<b>Transactional data</b>			<b>Estimated rental data</b>
	<b>Average sales value</b>	<b>Max rental value</b>	<b>Average rental value</b>	<b>Estimated rental value</b>
<b>Town centre</b>	£192	£42	£14	£15.70
<b>Edge of town centre</b>	£149	£25	£13	£15.10
<b>Out of town</b>	£233	£24	£16	£20.10
<b>Suburban</b>	£146	£21	£13	£16.30

Source: Luton Article 4 direction - Employment Report April 2022, Avison Young

Nonetheless consideration still needs to be given to secondary stock in other locations which could be masked within the above table where higher transactional values for better quality office stock hides the potential risk for some offices being converted through PDR. This is particularly high risk due to the shift towards better quality stock to create a better working environment when people do use office accommodation as part of hybrid working.

From the review of the office and industrial market with consideration of the targets for commercial floor space to accommodate growth for future growth, it is clear that all office space needs to be retained as currently there is a shortfall in all five potential growth scenarios to plan for office jobs covering the adopted plan period of 2011-2031. High quality modern office spaces, such as Butterfield Green and Capability Green need to be protected with tighter planning control as these spaces serve a sub-regional role, attracting economic growth within and outside Luton.

Offices in the town centre, Edge of Town Centre and Suburban Areas, which are notably older in stock and lower in quality may have lower vacancy levels than the more modern spaces, but are likely to be more at risk than the more modern, high quality office spaces because of their lower quality compared to the more modern spaces. Office spaces within Town Centre, Edge of Town

<sup>55</sup> Ibid

<sup>56</sup> Ibid

centre and Suburban Areas are also less adaptable to the more modern ways of working which are now starting to emerge with hybrid working, however the older office spaces in these locations are still functional and are attractive to small to medium businesses because of their affordability, this is evidenced by their notably lower vacancy levels.

Up to date evidence shows that residential values overall are significantly higher than those for Class E uses, so there is likely to be heightened risk of conversion overall particularly in regards to office to residential conversion due to the typology of office units.

In terms of light industrial uses, this has proved to be a very secure industry during the pandemic, where light industrial spaces have experienced low vacancy rates and modest growth over the last year with consumer demand for short delivery times and competitive prices, indicating that although this may be less at risk than offices, it is a key industry where light industrial floor space needs to be protected as it continues to play an important role in creating economic growth in Luton.

### Retail Market Overview

Figure 3 Retail Areas<sup>57</sup>



Employment Space	Key
Town Centre	Dark Blue
District Centres	Green
Neighbourhood Centres	Yellow
Out of centre retail parks and supermarkets	Pink
Suburban Retail Premises	Other Locations

Source: Avison Young, 2022

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

<sup>57</sup> Luton Article 4 direction-Retail Report June 2022- Avison Young

The Luton Retail Study Update (2015) identifies District Centres as areas that ‘act as the primary focus for shopping and other service delivery within a particular part of the town. Such centres can cover typical weekly retail, service and community requirements. Due to their ability to provide a range of shopping, such centres can act as a natural focus for investment and ensure that one journey can satisfy most needs of the local population. A small-to-medium supermarket typically acts as an anchor, alongside dedicated parking, a range of community or potentially health facilities and the possibility of a transport hub, depending on location. Seeking to further focus investment and services at these locations (in terms of the council and transport operators) should ensure that they cater for a considerable proportion of local journeys.’<sup>58</sup>

Neighbourhood centres ‘provide a more limited retail offer which means a lesser role and function to District centres. Neighbourhood centres are primarily intended to service the needs of the population within walking distance and may not therefore provide the same levels of dedicated parking, public transport accessibility or opportunities to capture passing trade. However, they will typically demonstrate a parade of shops in one or more continuous rows, with often independent outlets with a largely retail or service sector base. There may often be other public services clustered in close proximity such as schools and health facilities, providing a good basis to meet day-to-day needs.’<sup>59</sup>

District and neighbourhood centres indicated within the Retail Study Update (2015) include;

Table 9 District and neighbourhood centres.<sup>60</sup>

<b>District centres</b>	<b>Neighbourhood centres</b>
Bury Park	Farley
Marsh Road	High Town
Marsh Farm	Round Green
Wigmore	Lewsey (St Dominic’s Square)
Stopsley	Bushmead
Sundon Park	Bramingham (Freeman Avenue)
	Hockwell Ring
	Biscot Road
	Calverton Road
	Birdsfoot Lane South

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

There is approximately 4 million square foot of retail space in the borough of Luton with approximately half of this located within the town centre.<sup>61</sup>

A review of the quality of the properties evidenced by the table below, shows that although there is marginal difference between the Co-star quality rating of retail amongst the different types of centre in Luton, greater quality of retail provision is outside the town centre particularly in the out of town retail parks, which are fully occupied, where the lesser quality, oldest retail provision is within the town centre with an average stock age of ‘1929’ which also has the highest vacancy rate. This puts the Town Centre retail provision at the highest risk.

<sup>58</sup> Luton Borough Council, Retail Update 2015, White Young Green.

<sup>59</sup> Ibid

<sup>60</sup> Luton Article 4 direction-Retail Report June 2022- Avison Young

<sup>61</sup> Ibid

Table 10 Retail Market Overview<sup>62</sup>

	<b>Buildings</b>	<b>Total floor space (sq. ft.)</b>	<b>Average size (sq. ft.)</b>	<b>Average stock age</b>	<b>Average Co Star rating</b>	<b>Vacancy rate (%)</b>
<b>Town centre</b>	258	2,046,312	7,993	1929	2.28	2.89%
<b>District centre</b>	182	389,346	2,139	1954	2.36	0.00%
<b>Neighbourhood centre</b>	95	206,217	2,171	1951	2.41	0.15%
<b>Out of town centre</b>	18	384,509	21,362	1988	2.67	0.00%
<b>Suburban retail</b>	267	1,042,921	3,936	1958	2.40	0.28%
<b>Total</b>	<b>820</b>	<b>4,069,305</b>	<b>4,987</b>	<b>1947</b>	<b>2.36</b>	<b>1.53%</b>

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

Overall according to Co-Star data rental levels in Luton have dropped over the past year, by circa 4 per cent to an average rental level of £22.20 psf. This also leads to greater risk of PDR conversion due to falling rental levels making assets seem less attractive to investors.

It should also be noted that current market trends, as well as the impacts of the war in the Ukraine, rising inflation and increased cost of living is putting downward pressure on spending which could also put retail premises overall at risk.

Table 11 Area by Area Retail Value Analysis<sup>63</sup>

	<b>Transactional data</b>			<b>Estimated rental data</b>
	<b>Average sales value</b>	<b>Max rental value</b>	<b>Average rental value</b>	<b>Estimated rental value</b>
<b>Town centre</b>	£172	£150	£27	£25.97
<b>District centre</b>	£384	£54	£29	£25.99
<b>Neighbourhood centre</b>	£201	£39	£23	£27.15
<b>Out of town centre</b>	£371	£46	£23	£25.60
<b>Suburban retail</b>	£426	£40	£20	£26.58

Source: Luton Article 4 direction - Retail Report June 2022, Avison Young

\* Average Sales Value is the average sales value achieved in each area from transactional evidence, as recorded by CoStar where data is available, in the last 3 years.

\*\* Max Rental Value is the highest rent achieved in each area from transactional evidence, as recorded by CoStar, in the last 3 years.

\*\*\* Average Rental Value is the average rent achieved in each area from transactional evidence, as recorded by CoStar where data is available, in the last 3 years.

\*\*\*\* Estimated Rental Value is taken as the median of the CoStar range for estimated achievable rent if the property was available on the current market.

<sup>62</sup> Ibid

<sup>63</sup> Ibid

The town centre may be at most risk due to relatively low values achieved although this may be reflective of secondary stock transacting and higher quality stock not being sold in the study period of the last 5 years.

As noted above, LU4 is the strongest performing postcode district in terms of residential values and so underperforming stock, older and lesser quality retail stock in this area could also be at particular risk of residential version where the disparity between retail and residential values may be greatest.

## Policy context

### National planning context

The Government's objective in setting these permitted development rights is primarily to remove barriers to housing development. On 01 July 2021, the then Secretary of State for the Ministry of Housing Robert Jenrick, Communities and Local Government stated;

*'As part of our on-going measures to improve the planning system, increase housing supply on brownfield land, stimulate investment in urban areas and sustain jobs, we have in recent years introduced new permitted development rights which allow the change of use to residential without the need for a full planning application.'*

Section 6 Building a strong, competitive economy of the National Planning Policy Framework (NPPF) also states that planning policies and decisions should create conditions where businesses can invest, expand and adapt, and help encourage economic growth, with a clear economic vision and strategy having regard for local industrial strategies and other local policies for economic development and regeneration. Section 6 further highlights the need for planning policies and decisions to address specific location requirements of different sectors which specifically references making provision for *'clusters for networks of 'knowledge and data-driven, creative or high technology industries'*

Exercising tighter planning control over office space within Luton to ensure there is enough provision to accommodate growth is key in also encouraging more knowledge based jobs in Luton which has been highlighted as a key need in the borough and supports Section 6 of NPPF above. This also supports the need to exercise tighter control over industrial spaces which have proven to be a key driver in encouraging economic growth in Luton, especially during covid as highlighted in the Luton Article 4 direction-Employment Report April 2022- Avison Young.

Section 7 Ensuring the vitality of town centres of the NPPF also makes clear that planning policies should support the role that town centres play at the heart of local communities where the town centre is the preferred place for shopping, business and leisure.

Planning Policies are required to;

- Establish a network and hierarchy of town centres promote their long term vitality and viability
- Define the extent of town centres and primary shopping areas, and make clear the range of uses permitted in such locations,
- Where suitable and viable town centre sites are not available for main town centre uses allocate appropriate edge of centre sites that are well connected to the town centre and
- Recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites.

This makes clear the importance of town centre and other centre designations, although housing is welcome in the town centre and can help to enhance the centre's vitality this is effectively administered through a planned strategized approach rather than through permitted development

rights where the location of these conversions are relatively uncontrolled.

### Local policy context: Luton Local Plan 2011-2031

Luton Local Plan, adopted by the Council on 07 November 2017, sets out the vision and approach for the sustainable growth of Luton up to 2031.

Paragraph 5.2 of section 5 'Grown Luton's Economy' states the need to plan for 18,000 jobs, in line with the EEFM forecasted growth of jobs over the plan period. Of these 8,000 are B Class jobs and 10,000 non B Class jobs. Changes to Use Classes Order have since amalgamated Use Class A1 (shops), A2 (financial and professional services), A3 (Restaurants and cafes), B1(a) Offices – other than in A2, B1(b) Research and development of products or processes, B1(c) industrial processes, D1 Doctors, clinics and health centres (except where linked to the residence of the practitioner) and crèche, day nurseries or day centres, and D2 gymnasiums and Indoor Sports and Recreation (except where motor sports or firearms are used) all into Use Class E.

Paragraph 5.5 states *'There is a simultaneous need to protect existing key employment areas (termed Category A) that have been assessed as performing well'*

Category A sites are noted as the sites that offer the best quality employment opportunity. All sites proposed in Luton town centre and Surrounds Article 4 direction include Category A Employment Areas.

LLP14A states:

'The existing employment areas (Category A) ...shall be protected B1, B2 or B8 uses. Once developed, strategic allocations containing B1, B2 or B8 are safeguarded as Category A employment areas. Changes of use or redevelopment within the employment areas and sites that would result in a loss of floorspace for economic development uses will be resisted.'<sup>64</sup>

Further to this Policy LLP15 B states that:

- 'Planning permission for residential development will also be granted on sites not allocated for housing provided that it would not lead to a loss of other uses for which there is recognised local need'

The policy further states that "higher densities will be encouraged within Luton town centre, district and neighbourhood centres. New housing should not result in the over intensification of the site. Development will achieve a mix of different housing sizes, types and tenures informed by the latest housing assessments and local circumstances.

Further to this, Policy 14 B states that "where a ...unidentified employment site that has been vacant for at least 12 months, a mixed use development which retains significant employment or alternative redevelopment to non- B uses to meet identified needs will be permitted where: (i) It can be demonstrated that suitable alternative accommodation at comparable rents is available and (ii) it can be demonstrated that it is no longer suitable or viable for B1, B2 or B8 uses and where the site is vacant, there is evidence of active marketing for a reasonable period."

The Employment Land Review (2013) demonstrates that there is a shortfall of office provision across the Local Plan period when compared to the objectively assessed need by stating that there is a "shortfall of office space...even if all identified supply comes forward".

---

<sup>64</sup> References to B Class uses refer to B1- Business; B1(a) Offices - Other than a use within Class A2, B1(b) Research and development of products or processes, B1(c) Industrial processes, B2 General industrial, B8 Storage or distribution. These references have been superseded by the legislative changes that took place on August 01 2020. With the exception of Use Class B2 and B8 all other B classes fall within Use Class E, Commercial Business and Service Uses. B2 and B8 remain unchanged.

The key message from the review is that Luton needs to retain its existing employment sites as far as possible and to ensure that employment space is delivered during the plan period. Further to this there is a requirement to retain most other employment areas until such time as replacement sites are available. This evidence shows that for employment purposes there is, in planning policy terms, a requirement to place control on the loss of B1 accommodation.

Further to this, there is a qualitative issues regarding office stock within the town centre as this stock is of poorer quality and market draw when compared to, say, Butterfield Green and Capability Green. However, given the finite land supply (for all uses) across the Borough if office accommodation is lost and not replaced elsewhere in the town then job losses (or job opportunities) are lost. This would include potentially compromising both the role of and wider regeneration of the town centre. The Local Plan Inspector has effectively supported this position in his report where he states "...it is important that Luton provides an adequate stock of buildings and land to support the local economy and maintain jobs, through retaining sites....."<sup>65</sup>

Policy LLP25 High Quality and Design, seeks to ensure the quality of development and Policy LLP37 Climate Change, carbon and waste reduction and sustainable energy, requires energy statements and waste audits to be included within planning application to ensure that these matters are appropriately considered to enable the LPA to ensure that development contributes to mitigating against climate change through energy efficiency (including renewable energy) and to minimise waste generation.

Clearly the intention of Local Plan policy is to have in place appropriate controls on the location and scale of housing development and of redevelopment of employment uses. The permitted development rights proposed in Class MA do not enable the level of control required at Luton town centre and surrounds to ensure the deliverability of the adopted Local Plan objectives that set out to deliver growth and sustainable development.

When viewed from a planning policy perspective alone, all of this points to the requirement to incorporate greater planning control regarding the conversion from commercial, business and services uses to residential under Permitted Development Rights Class MA. Section 7 Luton town centre & district & neighbourhood centres, implement national planning policies for retail within Luton.

LLP21 establishes the centre hierarchy of Luton in accordance with Strategic Objective 4 of the adopted plan, LLP21 establishes the District and Neighbourhood centre designations within the borough and the application of the sequential test in ensuring main town centres uses are primarily situated within the town centre and managing edge of and out of town centre developments, LLP22 sets the constraints of Primary and Secondary Shopping Areas and Frontages within Luton town centre according to the Policies Map and LLP23 sets the constraints for planning applications for District & Neighbourhood Areas & Shopping Parades. LLP21-LLP23 work together to exercise tighter planning control within the town centre and centre designations to protect the network and hierarchy of the town centre and ensure its vitality and viability.

Section 7 of the local plan also sets out the targets for net additional floor space for retail uses to strengthen the centre hierarchy within the borough.

---

<sup>65</sup> Luton Local Plan Inspectors Report 2017

<http://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Local%20Plan/Luton-Local-Plan-final-Inspectors-report.pdf>

Table 12 local plan net additional convenience floor space requirements<sup>66</sup>

Net additional convenience floor space				
2015	2020	2025	2030	2031
3,393	6,279	5,757	8,467	9,064

Table 13 local plan net additional comparison floor space requirements<sup>67</sup>

Net additional comparison floor space				
2015	2020	2025	2030	2031
N/A	4,420	30,096	49,483	53,715

## Article 4 directions - proposed sites

### Land at Kingsway

- The site is an out of town centre location with predominantly light industrial uses containing Luton Council's depot.
- The site is in category A employment use

Although it is noted that currently light industrial units are in high demand with the rise of warehouses, consumer demand, competitive prices and short delivery times, with growing demand for urban logistics hub, vacancy rates are unlikely to become high to put these spaces at risk, the growth in this industry indicates the important economic role it plays within the borough and therefore requires protection.

Kingsway includes a central hub with a mix of predominantly general industrial (B2) and light industrial processes (E(g)iii)) as well as B8 Storage and distribution, as well as E(g)(i) offices and E(g)(ii) research and development of products or processes.

The site includes a large cluster of Use Class E(g) uses predominantly light industrial units. This area also includes the site of Chubb house which was the subject of a conversion of offices (now E(g)(i)) to 130 1 bed units.

16/00677/COM; Chubb House, 400 Dallow Road Luton, Bedfordshire, LU1 1UL *Request for Prior Approval - change of use from office(s) (B1a) to (C3) residential. (Class O) 130 Dwellings*

The ELR 2013 demand versus supply in forecasting requirements for industrial uses between 2011 and 2031 found there to be potentially in surplus in three out of the five growth scenarios, with two of these scenarios showing a shortfall. As noted above demand is likely to increase since the pandemic and therefore land at Kingsway covering Use Class E uses should be safeguarded.

### Land to the north-west of Osborne Road

- The site is an out of town centre plot containing offices
- The site is in category A employment use

The site is within an employment Category A allocation and contains an office unit. Although it is an out of town centre office use (according to the Luton employment report April 2022 which is deemed least at risk compared with the town centre offices), as noted above, there is a shortfall in all potential growth scenarios to meet the provision of office floor space required for Luton over the local plan period. It has also been noted that offices in terms of land use were the most at risk

<sup>66</sup> Local Plan 2011-2031

<sup>67</sup> Ibid

of all the Use Class E uses from conversion to residential due to the typology of offices being closer to that of residential uses, making office use easier to convert to residential.

#### Land at the junction of Putteridge Road and Hitchin Road

- The site is an out of town centre plot with retail uses on the ground floor and office uses on the upper floor.
- The site is in category A employment use

This site includes offices Jansel house (upper floors) as part of a shopping parade with retail uses on the ground floor. As noted above offices are the most at risk of conversion and has an estimated shortfall in all growth scenarios within the adopted plan period. In terms of offices this is a secondary office which although is out of the town centre its age puts this space at a high risk of conversion. In terms of retail offer the site is located within a district centre, which although has a low vacancy rate, district centre retail are some of the oldest stock and therefore would be at risk of conversion if vacancy levels start to rise.

#### Premier Business Park, Dencora Way.

- The site is an out of town centre plot containing offices surrounded by predominantly B2 general industrial uses
- The site is in category A employment use

The site contains office uses, which has a shortfall of provision over the local plan period and is most at risk of conversion to residential uses as noted above.

#### Luton town centre and surrounds

Town centre retail is the most at risk of conversion due to retail buildings in Luton's town centre being the oldest and those considered as secondary retail.

The contextual maps show the important designations within the proposed retail boundary. The inclusion of Bury Park is also important as noted in Luton Employment report April 2022, that data indicates that the highest values on a £psf basis for residential units are seen in the LU4 postcode districts as such it would be an attractive offer for owners to turn vacant retail into residential uses and receive a high financial return.

The most active postcode markets for the sale of residential units are in LU1 and LU2 with a total of 130 sales transactions for new build flats in the last 5 years, the red line boundary covers predominantly the LU1 and LU2 postcodes with LU4 post codes based in the Bury Park Dunstable Road area.

#### Land at Percival Way and President Way.

- The site is an out of town centre plot with a collection of offices.
- The site is in category A employment use

This site contains office units Use Class E(g)(i) and is near the airport, a hub of economic activity. The ELR 2013 in forecasting requirements for employment floor space between 2011 and 2031 concluded office that there was a significant shortfall of office space supply in all five potential growth scenarios. This shortfall ranged from 5,300m<sup>2</sup> to 38,600m<sup>2</sup>. The Luton employment report 2022 also noted that offices in terms of land use were the most at risk out of all of the Use Class E uses from conversion to residential uses because the typology of offices are the closest to residential as compared to other uses.

### Land to the north of the junction between Wigmore Lane and Eaton Green Road

The site is an out of town centre unit but within the district centre which includes office units and ground floor retail units as well as the Asda shopping centre. The district centre contains the second oldest stock of retail units after the town centre.

The site also contains Employment Area Category A land.

Although the vacancy level is likely to be low for the retail units in this location, the site contains both secondary retail and office units which places this site at a high risk of conversion due to their age.

