

CREATIVE ESTUARY ***AFFORDABLE WORKSPACE***

Stage one report - Spring 2022

- *The purpose of this work is to explore the options and deliver an appraisal and recommendations on options that will best deliver sustainable sector recovery and growth.*
- *The work should “Concentrate on town centres and areas around transport hubs, in the Creative Estuary programme area and must take account of the economic recovery strategies and resilience plans of our partners, and the potential to secure investors”.*
- *The underlying aim of the work is to guide the Creative Estuary and partners in their focus on securing a sustainable and affordable supply of workspace around the Estuary, in the right places and at the right time.*
- *The strategic ambitions for the work as a whole were broken down into three phases and this report is being produced at the end of Stage 1.*



SPACE

Security of tenure
Availability
Suitability

AFFORDABILITY

Market price
Grant / subsidy
Ability to access capital



AUTHORITY SUPPORT

Asset transfer & Subsidy
Policy
Facilitation & Advocacy

SECTOR STRENGTH

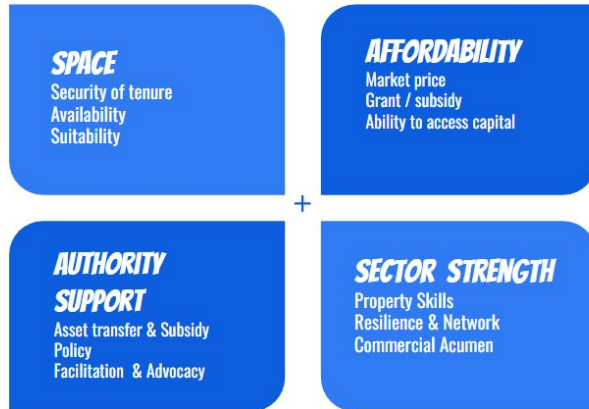
Property Skills
Resilience & Network
Commercial Acumen

We have analysed all our research in this stage and previous experience to identify the four most critical elements that need to be in place to secure a sustainable and affordable supply of workspace in the Creative Estuary region.

We have created a tool comprised of **4 petals**, which relate to the four key elements:

- Space
- Affordability
- Authority Support
- Sector Strength

We also identified the key aspects needed to create each element.



Interdependency of the Petals

The tool illustrates not only the strength in the 4 key elements, but also the interdependency of the petals and the overall requirement of a balance across all petals.

Firstly, and in the main obviously, it is vital that a place has all petals at some level. If there is no space - there can be no workspace, no creative sector - no creative output etc.

The necessary strength of individual petals is also directly related to the strengths of the other petals. Creating a range of cause and effect. For instance:

- The amount of space tends to affect its affordability
- A stronger sector may mean it is more able to withstand higher rents and be more competitive in the market
- High levels of affordability may create a larger, younger sector
- Strong local policy positions may affect the amount of space, it's rental values, and the strength of the creative sector

EXISTING WORKSPACE PROVIDERS

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We reviewed existing work conducted for the **Thames Estuary Production Corridor** and Creative Estuary which included mapping of Workspace Providers in the Estuary. Given the wide geography of the Creative Estuary area we focussed additional desk-based research on the six town centres established as the study areas for this work.

Creative Workspace users often become creative workspace providers through necessity: they take on a new bigger space and sublet to allow them to access own space at a more affordable rate. We therefore mapped both creative workspace users and providers currently active in the six study areas.

This work led to the creation of a [spreadsheet](#) for use by Creative Estuary with the results of this mapping work. This pulls together over 150 active workspace users and providers active in the region or interested in expanding into the area. In addition to this version of the spreadsheet with contact details has been shared with CE team to allow them to build momentum and explore the development of a network of providers and users across the region.

We held workshops for these providers and also invited larger workspace providers that might be interested in moving into the area. The findings are reported under the consultation task in this report.



We hosted workshops for workspace providers identified through our desk research and through existing WorkWild and Creative Estuary contacts in December 2021 and January 2022. The key findings from the workshops are:

- Users & providers report there is **no shortage of demand for creative workspace** across all sectors & geographies in the six study areas
- A significant number of organisations are at risk due to short or informal leases and there is a real demand for **support to better engage with Landlords and councils to negotiate better terms and demonstrate value of the sector**
- **More property is needed** for use by the CCI sector to meet demand and there is a **need for support accessing the right kind of property at an affordable price point.**
- Participants expressed the benefit of supporting each other - **potential for an informal network** to be established and led by Creative Estuary or perhaps the new vehicle.
- **Difficulty to gain access to and control of assets** for creative uses both for services within councils and creatives outside the council even when they are currently in active use or recently were - need for support for understanding and communicating value of the sector
- Creative Land Trust in London open to discussions about wider role in the Estuary
- Sustainability targets will drive need for **low carbon refurbishment** and this will create a support need for the sector - **chance for investment by ESG Investors?**
- Considerable energy and optimism
- Genuine breadth of creative activity
- **Struggling to access space**
- Smaller organisations are often young and **need property management skills**
- Keenness to **maximise value of London flight**

There is a role for Creative Estuary in convening and coordinating funds to ensure that there is enough available capital to ensure the evolution of the the regions portfolio. Partners need to be alert to new possibilities, considering those below in the first instance:

Grant	Borrowing & Lending	Institutional Investment
<p>Towns Fund - Margate, Grays and Tilbury have submitted bids for funds. Only Margate has specific Creative Workspace projects</p> <p>Levelling Up Fund - Ashford, Margate, Ramsgate and Medway have all been successful in securing funds which include an element of creative workspace. Other authorities are eligible to bid in future round, providing an opportunity to coordinated and deliver impact</p> <p>Arts Council England - Including Creative People and Places, Cultural Compacts, Cultural Recovery Fund, Cultural Investment Fund. ACE funding can be malleable and bids are developed through consultation. Creative Estuary can subsequently offer advocacy and capacity to support this</p> <p>Historic England - High Street Heritage Action Zones fund</p>	<p>Borrowing - Public sector borrowing remains low cost (although may increase) and hence local authorities could support CE through access to cheaper capital</p> <p>Lending - Councils may be able to offer up front funding to support Creative Estuary property delivery on via low cost loans which are repaid through operation of the properties</p>	<p>Fund Investment - Pension funds are increasingly looking to more diverse investments and hence will consider specific locations and proposals. The BA Pension Fund backs Time and Space Co's investment in Ashford and there may be possibilities of some more footloose investors back a portfolio approach in the Estuary, albeit in the longer term.</p> <p>Social Investment - there are a range of social investors such as Big Society Capital, Social Investment Business, Nesta, Ethical Property Co. Who might invest if the the social case can be demonstrated</p>

There is a role for Creative Estuary in convening and coordinating funds to ensure that there is enough available capital to ensure the evolution of the the regions portfolio. Partners need to be alert to new possibilities, considering those below in the first instance:

Grant	Borrowing & Lending	Institutional Investment
<p>In the short term, these funds are likely to be invested on a project by project basis. This means Creative Estuary and other public partners can influence investment but are unlikely to lead.</p> <p>Lottery, ACE and others have all been told that their funding needs to become a more direct response to government policy and hence Levelling Up will be a more significant consideration across the board. Again, regional coordination can help to amplify this message.</p>	<p>The role is again one of influence and advocacy along with regional case making around creative property intervention.</p> <p>Some initial scoping with estuary authorities will give an idea of whether there is potential to influence this aspect of public finances.</p>	<p>The next focus for institutional investors will be the 'Social' in ESG. Fund managers are being directed to better demonstrate this to their trustees and can struggle to do so. This presents an opportunity for the creative sector who should be able offer a 'product' that helps deliver this. Finance is also likely to be more patient and certainly more willing to look outside of London where the risk and headroom is perceived as higher.</p> <p>There is certainly potential to start to consult with institutional investors on a regional basis to amplify specific locations and investment opportunities. Creative Estuary can do this in a focussed way, without prejudice.</p>

From our review of the investment potential our guidance on next steps is as follows. It is still the case that the main resource into any intervention is likely to be in the form of publicly owned property or from enhanced staff resource. There are two other areas of focused action which are worthy of consideration.

Creative Estuary in its current form is well placed to be able to map potential funding availability and active bids. This could be bids led by the public sector or the creative sector specifically (where we have observed issues of coordination and capacity across the estuary).

There appears to be some potential to develop an offer to institutional investors or at least to develop a portfolio of potential investments for specific opportunities which could deliver both social and commercial outcomes.

Soft testing some specific opportunities and considering the development of an investment prospectus would be a positive first step. Analysis of the Town Centre Mapping work by the Creative Estuary and partners will help to identify key opportunities to soft test with a range of investors.



We engaged extensively across the CE region organising tours and meetings with:

- Kent County Council
- North Kent Partnership
- Association South Essex Local Authorities (**ASELA**)
- Opportunity South Essex
- Thames Estuary Growth Board (**TEGB**)
- Southend (Dev/Culture & Tourism)
- Basildon (Regeneration)
- Grays (Culture & Property)
- Dartford (Growth & Community, Economic Growth)
- Gravesham (Regen/Culture/Communities)
- Medway (Culture)
- Thanet DC
- FutureCity
- Things Made Public
- Countryside
- Chatham Historic Dockyard Trust
- BPTW Architects
- Arts Council England

KEY FINDINGS

- Clear sense of urgency and optimism - appreciation there is work to do
- Openness to support and incoming investment
- The Estuary identity is one of many
- London is a pressure & an opportunity
- Residential growth requires broader cultural offers
- Culture should cut across industry / tech / other area growth
- LAs at different stages of cultural / regeneration journeys - skills & visions vary
- But all are making large regeneration moves
- Mapping workshops with partners have already shown a local keenness to collaborate, support and share best practice. Exciting to see potential alliances develop and create growth for the CCI sector in the Estuary

There are a range of policies, actions and levers which can be used by the public sector to secure better use of assets to open them up to use by the Creative Sector. These are outlined below, with consideration of their relevance to the Creative Estuary project and the role of the public sector more generally.

Key

- Green: Definite potential to enhance the creative scale of the CE and clarity of responsibility;
- Amber: Strong links albeit with some barriers to accessing/generating investment;
- Red: Limited potential, not a priority for action.

Action	Description	Potential Intervention/Outcome	Relevance
Community Asset Transfer	Transfer of management and/or ownership of public land and buildings from its owner (usually a local authority) to a community organisation for 'less than best consideration' – ie less than the highest obtainable or estimated market value. This discount is based upon a presumption of long-term local social, economic or environmental benefit.	Ability to focus uses on specific policy outcomes and public goods including supporting local economies, placemaking, skills and employment. Need to overcome pressure within councils to generate capital receipts to allow greater availability of public assets.	Medium (influence)- Creative Estuary and public partners can act as a conduit for transfer from public sector to creative sector, supporting the case making in individual authorities. Thinking regionally presents the opportunity to be an advocate at a bigger scale, influencing other institutions to understand the benefits of, and route to effective community ownership.
Public Sector Asset Pooling (including OPE)	Supports collaboration between public sector bodies on property, either for financial benefit or to offer transformation in terms of service delivery.	Pooling of property to enable efficiency and transformation	Medium (insights) - Although not directly relevant, the experience of OPE in pooling assets provides potential lessons learned from this, could help inform a replicable framework for Creative Estuary or other successor body

Action	Description	Potential Intervention/Outcome	Relevance
Social Value Leasing	Discounted leasing offered by the public or private sector in order to mitigate risk or deliver a broader benefit/public good. LB Hackney has a VCS lettings policy which sets a flat rate of £4psqft for non-profit companies letting council-owned spaces.	Where the public sector owns land and buildings, they are able to control the rent to support certain activities. Requires a clear process which is aware of LA obligations on best value.	Medium- Creative Estuary can support authorities to discharge these powers, proving a central advisory function to enable consistency across the region.
Special Purpose Vehicle	Establishing arms length trusts to take on the responsibility of management and stewardship of buildings. These are already in existence with the Thames Estuary, including the emerging Creative Land Trust in Margate and the JV between Southend Borough Council and Public Sector PLC.	By developing new bodies, there is potential to empower the sector and local communities to play a fuller role in delivery. JV arrangements with private sector can provide up front finance for delivery of workspaces which again can help increase supply	Highly - Creative Estuary can help communicate the experience of Margate, Southend and others, where necessary supporting the scaling of practice to other towns.
Rates Relief	LAs can offer business rates for operators to encourage location. Usually applied to not for profit businesses or those which will reinvest surplus into some other form of public value. Waltham Forest has the most impactful of these policies foregoing income of around £350kpa for two years.	Creative Estuary could advocate for this approach, supporting a consistent approach across the region to stimulate demand. It could form part of a broader Creative Opportunity Zone offer as advocated elsewhere.	Limited - Evidence from evaluations of Enterprise Zones suggests that this sort of policy can lead to displacement and hence a lower impact. The burden of case making is high and it is unlikely that consensus could be reached on funding the local of rates.

Action	Description	Potential Intervention/ Outcome	Relevance
Affordable/ Creative Workspace Policy	Local Authorities can develop policy to oblige developers to deliver a quantum/proportion of affordable workspace within any given development. Around 2/3 of London boroughs have some form of affordable workspace policy, ranging from mandated proportions of all workspace development, to more nuanced partnership models.	Lobbying for and changing policy can be a tricky undertaking, particularly on a regional basis. In an area as diverse as the Thames Estuary, what is affordable will be significantly different between different places. Creative Estuary could advocate and share good practice from the wider Thames Estuary Production Corridor (TEPC) network so partners are aware of this policy tool for consideration in local plans.	Limited - Even in higher value locations, affordable workspace policy can be blunt. In locations where values are already relatively low, the impact can be negligible
Cultural/ Creative Strategy	Cultural/Creative strategy can provide an alternative lens through which to look at property. This can be specific and targeted or through a broader economic strategy for a place. Elsewhere in the TEPC area, LLDC has developed specific asset strategies for artist and creative workspace which is enshrined in planning policy.	Good strategy can amplify the role that the sector can play economy of a place and in supporting the evolution of broader placemaking objectives	Highly - Creative Estuary can be the provocateur and coordinator of local Creative and Cultural Strategy, weaving asset strategy into this and providing expert insights into what works across the Estuary towns.

Action	Description	Potential Intervention/ Outcome	Relevance
Compulsory Purchase	Councils would use CPO powers to take control of properties which have been vacant for a long period of time.	In theory, Creative Estuary could advocate for this approach and support the transformation of property at scale	Very Limited - It would be highly unusual for CPO powers to be used to support creative workspace directly given that the policy base locally and legal precedents does not exist. Time is better spent working on the case to help owners do more
Approved Providers List	A list of approved providers who can be linked to developers, particularly where there is specific requirement to deliver affordable or creative workspace.	Creative Estuary could convene a list of providers, empowering them to work in new markets and to drive consistency in the regional offer.	Medium - the creation of an approved list and kite mark, could be a solid framework for linking local and new operators coming into the Estuary (potentially from London), to investors and developers in key sites
Capacity Building	Supporting the sector and local authorities through the process of either developing or accessing spaces.	Creative Estuary could develop a (potentially paid) service offering which helps with negotiation for uses as well as brokering space through development on behalf of authorities	Highly - a relatively low threshold intervention which could drive genuine value and reduce the capacity burden in relevant authorities

We undertook an analysis of each of the six locations to provide an understanding of the property market in each.

It should be noted that these six towns are not property markets in their own right and are too small to make accurate judgements on trends. That said, the information provided sets out an idea on the direction of travel in each place and provides a good idea of where momentum exists as the foundation for the future activity of Creative Estuary (and the public sector more generally.)

The analysis is supplemented with consideration of the Local Plan evidence and research in each location to provide more specificity on the scope for intervention. As part of this we have looked at the availability of property online on the 7th March 2022; this is intended not to show property for action or intervention, but to give an indication of what is available to those undertaking a cold search of the properties. This should be considered in conjunction with the review of public sectors land and property to give a fuller view of the supply in each location.

Each town's property review uses specific property terms in explanation. These are explained below:

- Absorption - The rate at which new properties are let and sold when they come on to the market
- Vacancy - the proportion of properties which are empty
- Sub Market - an area which is part of a bigger functional property market (for example Southend is a sub market of South Essex)

The six areas we have considered are each quite different and have their own characteristics driven by ownership, sector mix and previous development and deal activity. Whilst all of the towns are relatively affordable, there is a uniting need for transition of existing stock to be fit for purpose (creative and more general market) and a challenge of residential value and permitted development which is challenging the retention and stock of specific spaces.

The table below gives a high level outline of the trajectory of creative economy in specific places in the estuary. It shows the significant five year growth in Southend, Thurrock and Dartford, but also notes a decline in Basildon and Gravesham (two locations we show have a lack of appropriate space).

It is clear from this and the subsequent analysis that existing supply does not meet the needs of creative businesses. Currently, much of the sector is nascent and focussed on residential locations, rather than town centres or commercial centres

It is also worth noting that research undertaken by the Creative PEC has highlighted that it is not necessarily the price or type of space that attracts creative businesses to a place, more the existence of specific micro clusters (these could be as small as specific buildings).

It is therefore important that Creative Estuary partners do not see locations as being inherently creative or not, rather they look at the conditions that exist to establish micro clusters which can act as a fulcrum for the other activity and opportunities.

	Total Employment		Creative Employment		
	2019	15-19 Change	2019	% of total jobs	15-19 Change
Basildon	88050	5%	4210	5%	-31%
Castle Point	22565	7%	630	3%	43%
Rochford	22870	4%	785	3%	21%
Southend-on-Sea	65530	-2%	2210	3%	28%
Thurrock	67220	4%	1185	2%	42%
Barking and Dagenham	57890	11%	1595	3%	53%
Bexley	78275	8%	2255	3%	26%
Greenwich	86665	7%	4620	5%	31%
Havering	86305	4%	2010	2%	3%
Lewisham	66980	-4%	3925	6%	42%
Newham	112555	11%	3580	3%	30%
Tower Hamlets	310950	11%	25050	8%	37%
Canterbury	68940	5%	2150	3%	6%
Dartford	61415	-3%	1370	2%	14%
Gravesham	34160	13%	630	2%	-7%
Medway	97545	8%	2195	2%	4%
Swale	53290	3%	975	2%	-14%
Thanet	43265	0%	915	2%	32%
TEPC		6%			21%
North Kent		4%			5%
South Essex		3%			-7%

BRES, 2021

MAPPING PUBLIC ASSETS IN THE SIX STUDY AREAS

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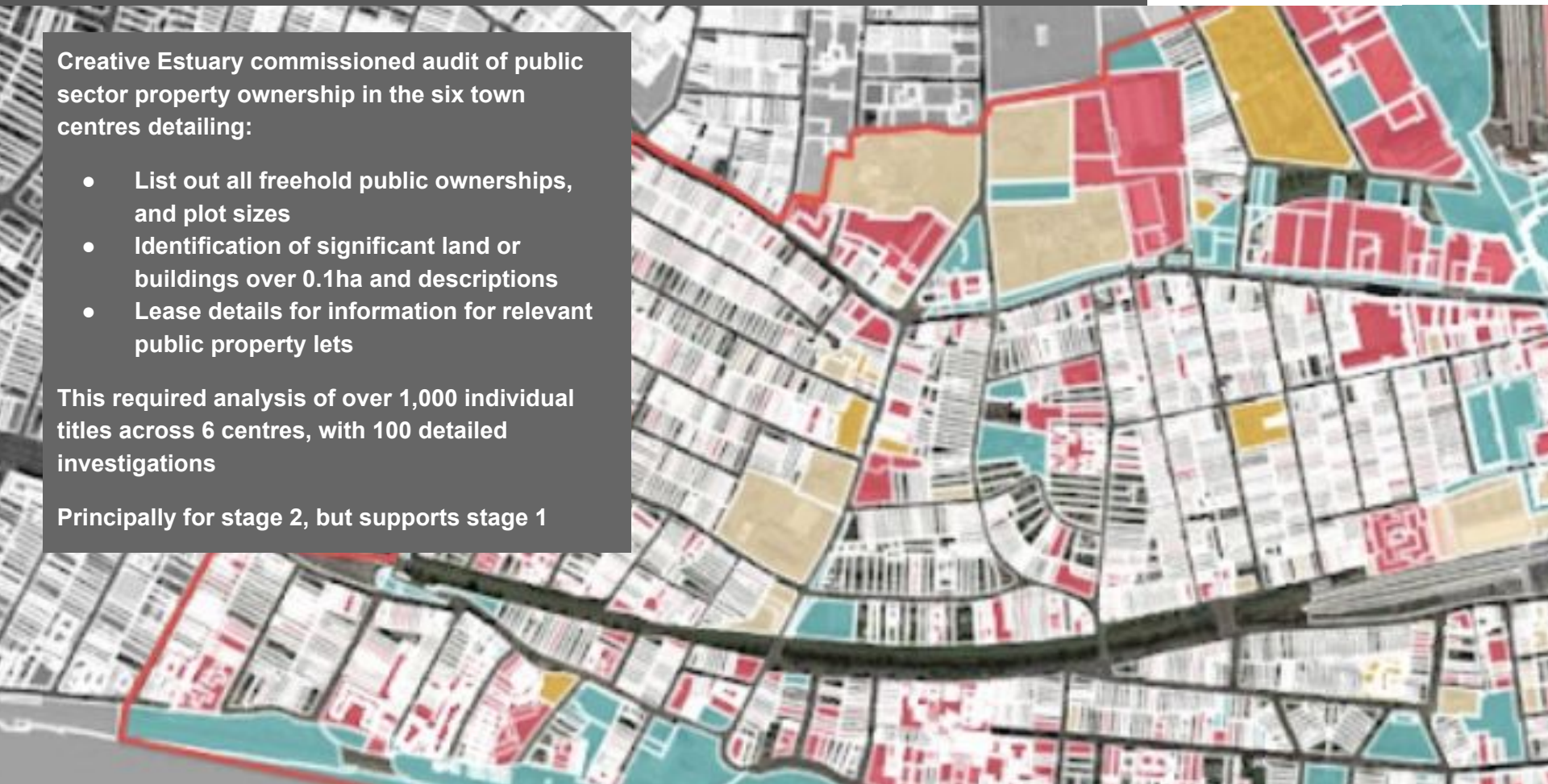
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Creative Estuary commissioned audit of public sector property ownership in the six town centres detailing:

- List out all freehold public ownerships, and plot sizes
- Identification of significant land or buildings over 0.1ha and descriptions
- Lease details for information for relevant public property lets

This required analysis of over 1,000 individual titles across 6 centres, with 100 detailed investigations

Principally for stage 2, but supports stage 1

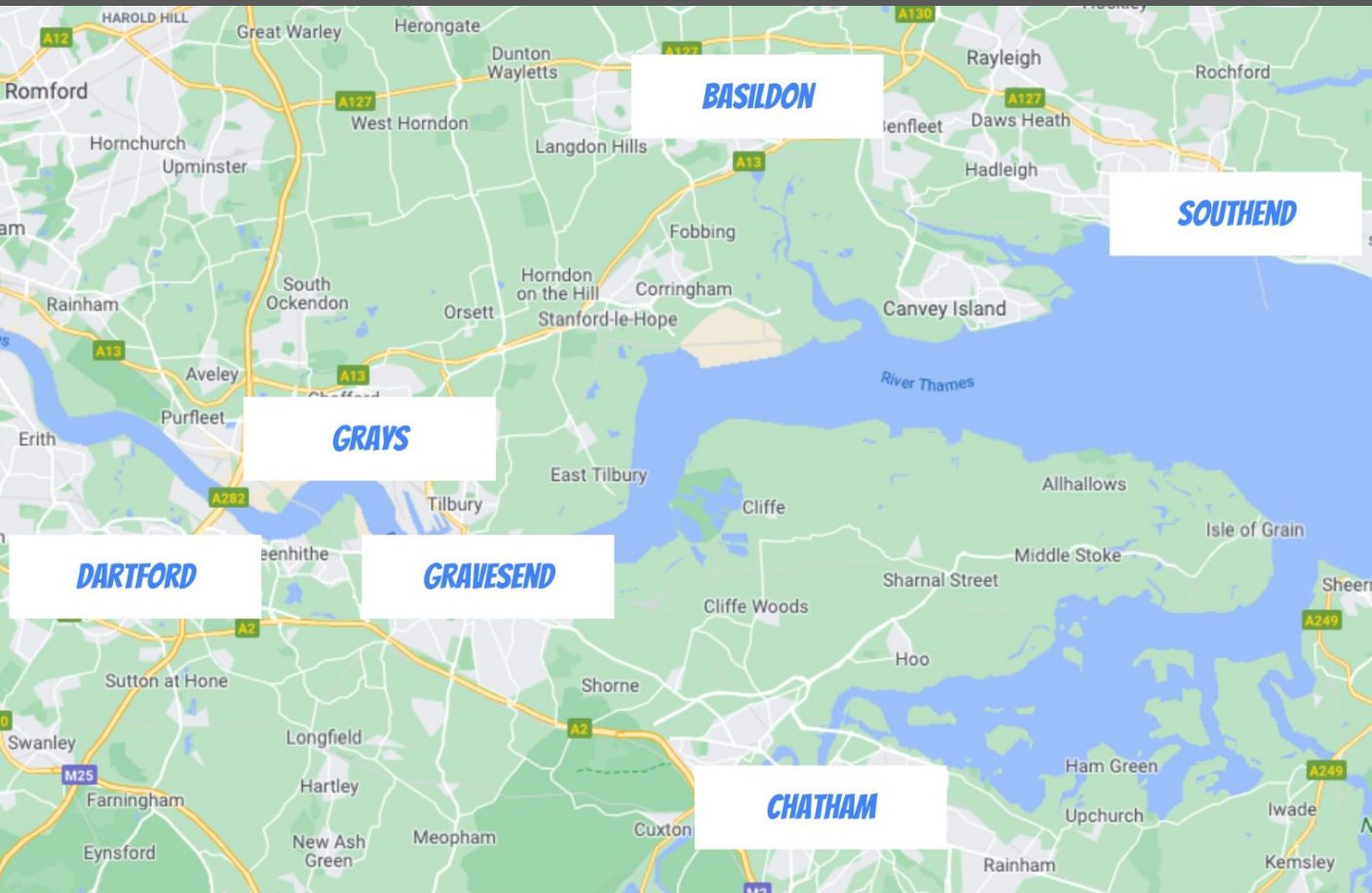


A presentation, Q&A and discussion of this work is set for the 29th March 2022.

Some headlines:

- Lots of car parks, public realm and parks – as expected
- All LAs own (large-ish) genuine commercial property apart from Thurrock (in Grays at least)
- Notable that CE councils own significant volume of retail / shopping centres – Dartford, Gravesend (Gravesham), Southend, Chatham (Medway) notably, all shopping centres. Basildon holds retail but less significant
- Some councils actively acquiring commercial property to hold – Chatham (Medway), Southend
- Gravesend active in acquiring land (with developer partners) for major town centre regeneration
- Councils generally active in development and taking development risk / de-risking for private partners – Basildon, Chatham (Medway), Gravesend (Gravesham), Southend – Dartford one scheme, maybe less active
- Areas with a significant stock of existing office or municipal type buildings – Basildon, Dartford (notable), Southend, Gravesend, Grays
- Areas with notable public sector owned cultural buildings – Southend, Dartford (significant), Basildon, Gravesend
- Areas with significant FE / university holdings – Grays, Southend, Basildon

SIX STUDY AREAS



In the first weeks of the commission the Creative Estuary team and partners confirmed the six town / city centres as the geographical focus of this work.

These would illustrate the breadth of the opportunities and challenges in delivering creative workspace in the Estuary, from which to frame our proposed intervention/s.

The strong identities of the six urban centres would also contribute to our understanding of an Estuary cultural identity and so feasibility of an Estuary-wide workspace response.

SOUTHEND - SIGNIFICANT PUBLIC ASSETS



Known Freeholders

- Company
- Corporate Body
- Local/county authority
- Housing Association

- Moderate area is publicly held proportionally
- Key public ownership - riverfront, shopping centre, cinema, theatre + La offices
- Small site private ownership picture
- Vacancy rate up to 4%
- Some key commercial sites empty
- Available stock outdated

SPACE

AFFORDABILITY

+

AUTHORITY SUPPORT

SECTOR

- Policy Strength
- Incoming strategies
- City status & city strategy
- Strong university and FE presence
- Development and chances for improvement

- £15 sqft with 1.6% annual growth
- LUF 1 (Theatre)
- LUF 2 (TC & Culture)

- Energetic but young sector, with limited capacity
- Southend Cultural network
- Council, resident, & CCI sector alignment on the importance of Kursaal to Southend identity and City status
- New innovation space at airport- the Launchpad
- Lack of studio and creative production space

Property market analysis and trends.

- Southend is a midsized submarket that contains around 2.1 million sqft of office space.
- In terms of commercial availability and take-up, net absorption was negative over the past year at -50,000 sqft. This is a continuation of the trend as net absorption has registered an average annual decrease of -23,000 sqft per year over the past five years.
- The vacancy rate has risen significantly over the past 12 months to 4.0%, but was in line with the long-term average. This compares to Essex's vacancy rate at 3.3%.
- For commercial availability, there is nothing is under construction. The office stock has contracted over the past 10 years as demolition activity has outpaced new construction.
- In terms of affordability, commercial rents grew by 1.6% over the past year and currently average £15.00 psf according to CoStar (which compares against £18.00 psf for Essex as a whole). This is a reasonable increase and is above the 10-year growth average of 1.2%. CoStar see a continuation of the long-term trend and forecast rental growth going forward at 1.1% per annum.
- Looking forward, there are no notable developments in the 2-3 year pipeline according to CoStar

Local Policy

- High Number of creative start up
- Local research identified that stock outdated / low quality
- Southend BC has identified a an energetic, but young sector, which is not always able to mature
- Danger of loss of space is limiting economic performance

Implications:

Demand trends bely the creative start up rate suggesting space is not available or appropriate for the sector, but there is nascent potential. Space remains affordable, and there is a clear role for the public sector and Creative Estuary in testing new markets and type of space.

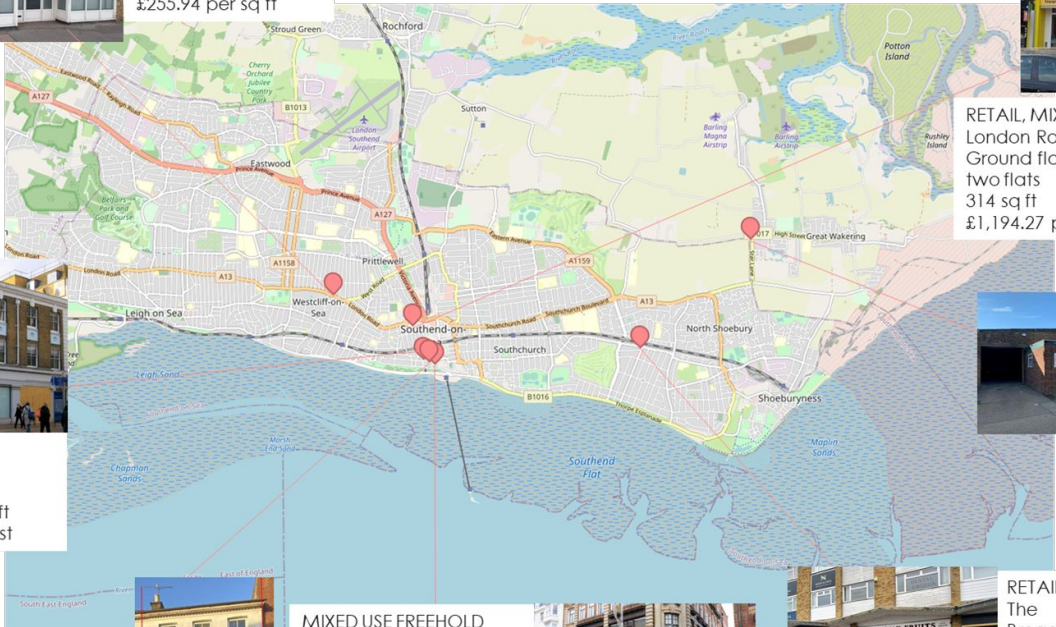
SOUTHEND - ADVERTISED SPACES



OFFICE
 London Road
 Westcliffe-On-Sea
 547 sq ft
 £255.94 per sq ft



RETAIL, MIXED
 London Road
 Ground floor shop and
 two flats
 314 sq ft
 £1,194.27 per sq ft



RETAIL
 High Street
 Southend
 2,561-5,036 sq ft
 Price on request



INDUSTRIAL
 Star Lane
 1,988 sq ft
 £163.48 per sq ft



RETAIL, MIXED
 Alexandra Street
 Ground floor commercial
 unit with basement and
 maisonette
 £200,000 size unknown

MIXED USE FREEHOLD
 High Street
 543 sq ft
 ground floor & basement
 £1,611.42 per sq ft



RETAIL
 The Broadway,
 Thorpe Bay
 1,149 sq ft
 £29.31 per sq ft

BASILDON - SIGNIFICANT PUBLIC ASSETS

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Known Freeholders

- Company
- Corporate Body
- Local/county authority
- Housing Association

- Significant commercial property – office and retail
- Major private ownership, with notable LA commercial assets
- Public space paved rather than green space
- Vacancy rate 4.4% (3.3% Essex Ave)
- Raquel's / Colors

- £18 sqft - but private owned retail expectation high
- Creative people & places - Ace funding
- Ace priority place

SPACE

AFFORDABILITY

+

AUTHORITY SUPPORT

SECTOR

- Leadership change
- Wider TC focus
- Major development plans on and close to public land
- FutureCity strategy

- Strong on outskirts (eg. Film sector provision)
- Limited Town Centre activity

Property market analysis and trends.

- The Basildon submarket that contains around 2.1 million sqft of office space.
- In terms of commercial availability and take-up, net absorption was negative over the past year at -29,000 sqft. This is a continuation of the trend as net absorption has registered an average annual decrease of -25,000 sqft per year over the past five years.
- The vacancy rate has risen over the past 12 months to 4.4%, but it remained below the long-term average. This compares to Essex's current vacancy rate at 3.3%.
- For commercial availability, there is nothing is under construction. The office stock has contracted over the past 10 years as demolition activity has outpaced new construction.
- In terms of affordability, commercial rents grew by 0.4% over the past year and currently average £17.00 psf according to CoStar (which compares against £18.00 psf for Essex as a whole). This is a marginal increase and below the 10-year growth average of 1.3%. CoStar see a continuation of the long-term trend and forecast rental growth going forward at 1.1% per annum.
- New developments, such as two big tower blocks coming into the centre, mean a huge new community coming to the area.
- Number of vacancies in the centre has lead council to look seriously at meanwhile space uses as a way to regenerate the town & partnership with CCI sector, not just short lets
- Low cultural participation rates- CPP BasildON looking for space in town centre.

Local Policy

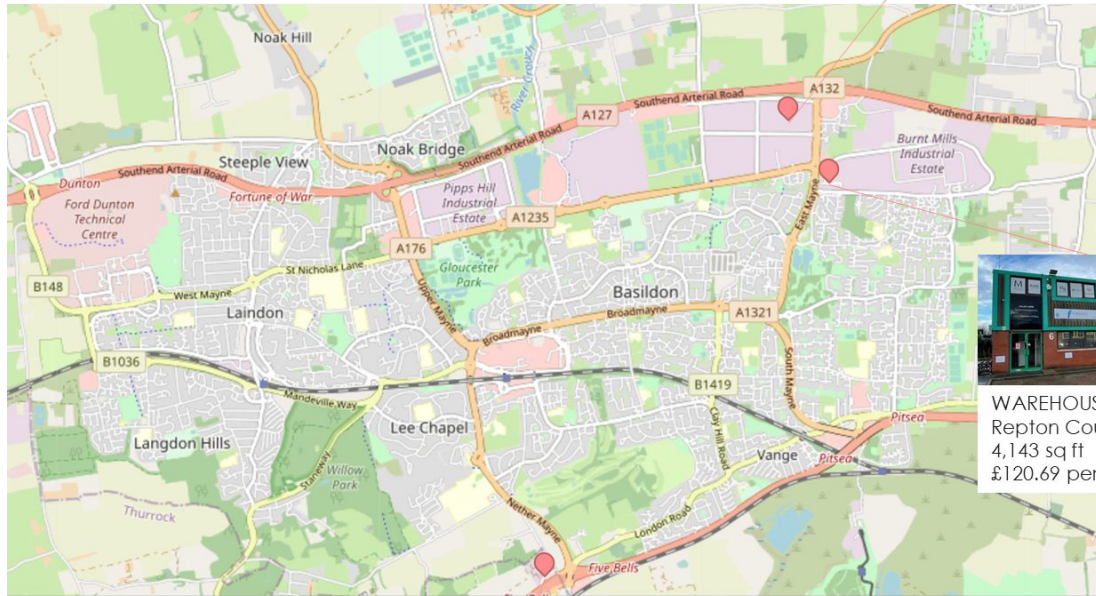
- The Local Plan identifies and oversupply of commercial and retail spaces
- The need is identified for grow on space across the area
- There is a lack of public ownership
- The town centre is seen as a weakness with business parks seen as the productive spaces

Implications:

Oversupply of space and relatively high vacancy rates (in the town centre) suggest structural issues. With less scope for direct intervention. The role for Creative Estuary is more likely to be influencing and convening, making the case for land owners to consider creative sector within their strategies



INDUSTRIAL
Heronsgate Trading Estate
7,276 sq ft
£114.76 per sq ft

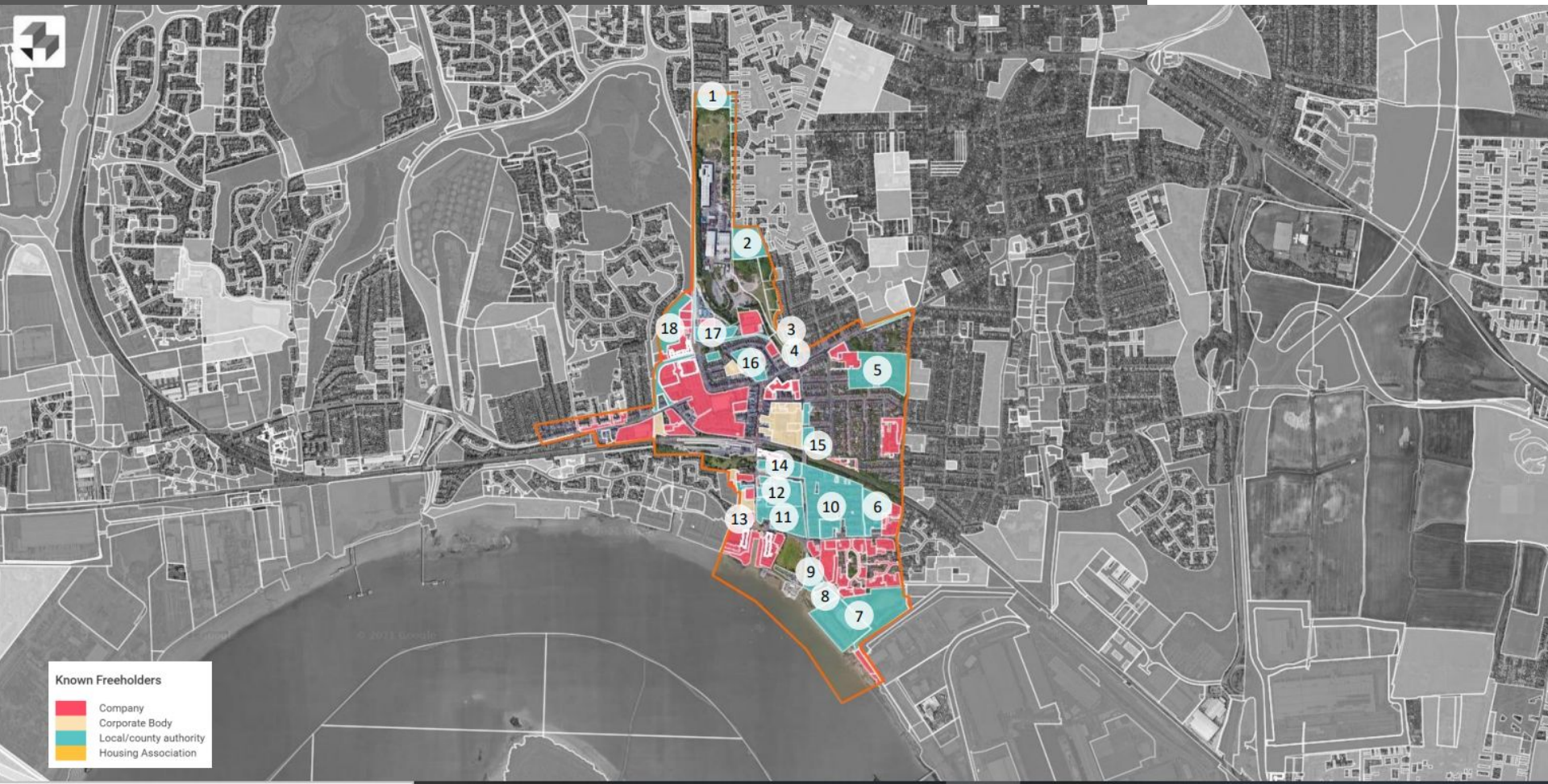


WAREHOUSE
Repton Court
4,143 sq ft
£120.69 per sq ft



OFFICE
Station Lane, Pitsea
Part of a mixed use scheme
2,058 sq ft
£133.62 per sq ft

GRAYS - SIGNIFICANT PUBLIC ASSETS



Known Freeholders

- Company
- Corporate Body
- Local/county authority
- Housing Association

- Large public sector sites – 22% of study area
- Multiple car parks & Two office buildings
- Commercial space growth (4% in 3 yrs)

- £20 sqft with low growth rate
- High warehouse / logistics demand can force up values

SPACE

AFFORDABILITY

+

AUTHORITY SUPPORT

SECTOR

- New cultural strategy
- No evidence of council recently acquiring commercial property
- Limited active development
- Potential bending of towns fund

- Limited visible presence at the moment
- Some digital business at the old courthouse

What work is needed?

Property market analysis and trends.

- Thurrock is a small submarket that contains around 610,000 sqft of office space.
- In terms of commercial availability and take-up, net absorption was positive at 19,000 sqft over the past year, but on average, annual absorption has been generally flat over the past five years.
- The vacancy rate has remained unchanged over the past year, but at 6.1%, the rate was above the long-term average. This compares to Essex vacancy rate at 3.3%.
- For commercial availability, 19,000 sqft is currently underway in Thurrock and this represents a modest expansion relative to the size of the submarket. This represents a continuation of new development in the submarket, which had already seen 23,000 sqft deliver over the past three years, representing an inventory expansion of 3.9%.
- In terms of affordability, commercial rents grew by 0.9% over the past year and currently average £20.00 psf according to CoStar (which compares against £18.00 psf for Essex as a whole). This growth rate significantly trails the area's average annual growth rate of 2.5% over the past decade. CoStar see a continuation of this trend and forecast rental growth going forward at 1.0% per annum.

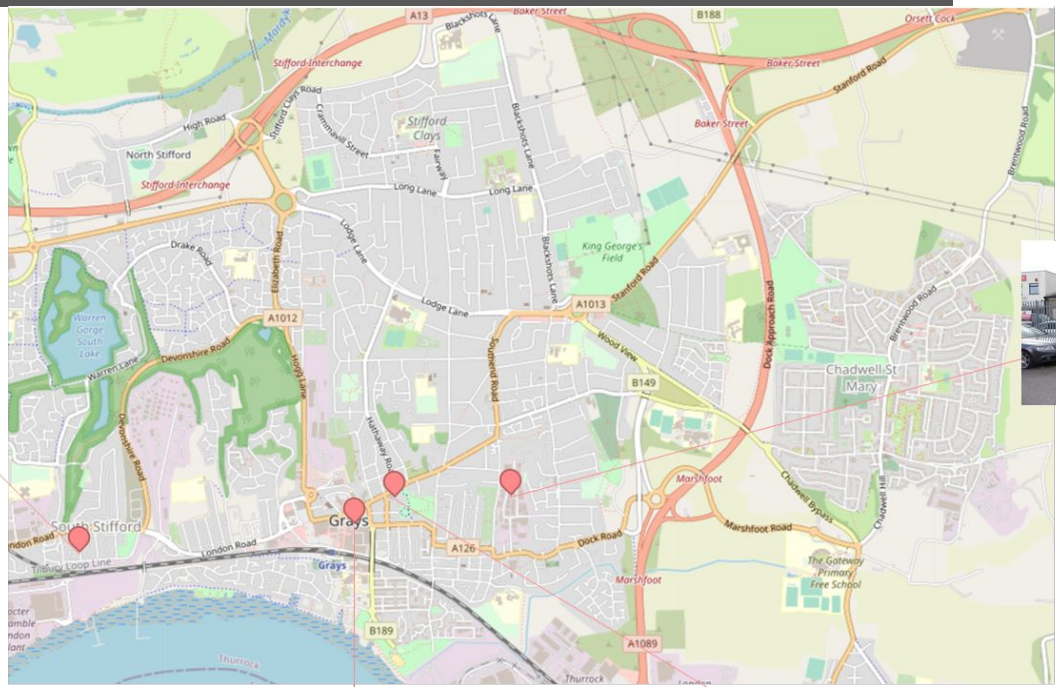
Local Policy

- Employment Land Review identifies limited identified need for commercial work space
- There is an identified need for diversification to support change
- Warehouse and logistics demand is high and can make workspace development unviable

Implications:

There is not specific trend evidence at the level of Grays town centre and borough data does not reflect the values in the town. Currently spaces are advertised as low as £8psqft, which provides scope for public acquisition and conversion. Retail vacancy provides opportunities for short term occupation and market testing.

GRAYS - ADVERTISED SPACES



OFFICE/LIGHT INDUSTRIAL
Foxton Road
1,000 sq ft
£300 per sq ft



INDUSTRIAL
Towers Road
6,850 sq ft
£156.25 per sq ft



OFFICE
Clarence Road
£400,000 size unknown



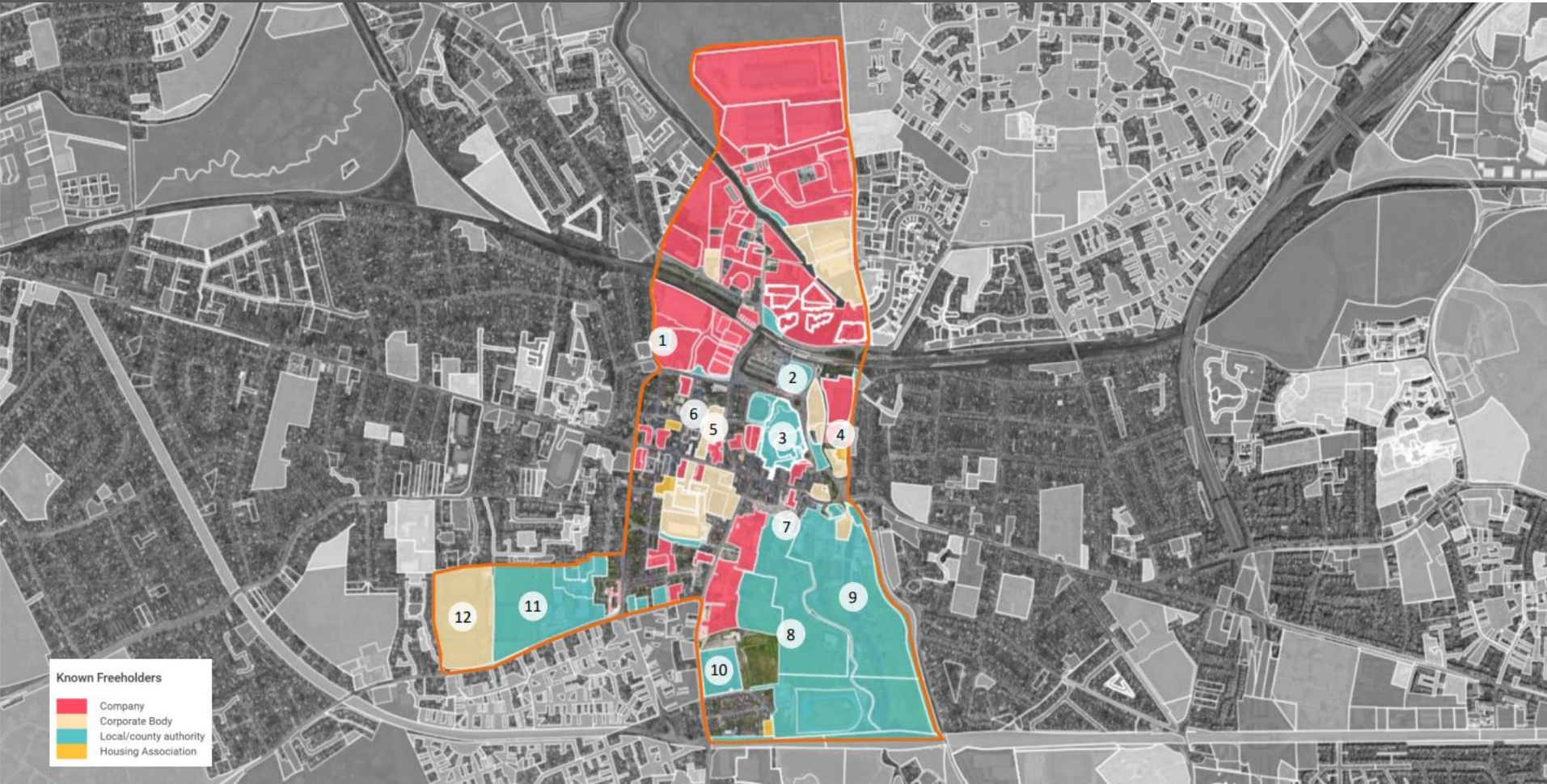
RETAIL
Stanley Road
235 sq ft
£297.87 per sq ft

DARTFORD - SIGNIFICANT PUBLIC ASSETS

CREATIVE
ESTUARY

prd

WILD
ORK



- Significant public holdings (31% - inc public realm)
- Council owns shopping centre and theatre
- 4.5% vacancy rate
- Acacia Hall site opportunity
- LA offices vacancy
- New build commercial

SPACE

- £21 with 2.4% growth rate
- Challenge from resi values & potential of crossrail extension

AFFORDABILITY

- Investing & open:
“We need expertise not cash”
- Policy strength
- One large development with council land interest at Hythe Street
- Limited connectivity with creative sector outside DAN
- Proximity to London

AUTHORITY SUPPORT

SECTOR

- Dartford Arts Network
- Limited creative workspace
- Outskirts events/knowledge economy
- Recent business count surveys 150% growth rate largely in web/design micro

Property market analysis and trends.

- Dartford is a midsized submarket that contains around 1.4 million sqft of office space
- In terms of commercial availability and take-up, net absorption was -13,000 sqft over the past year demonstrating that more property became vacant when compared to property that was let.
- Over a longer timeframe, the office market has been stagnant and net absorption has posted a negligible average annual change over the past five years.
- The vacancy has risen slightly over the past 12 months to 4.5%, but this was in line with the long-term average. This compares to Kent's vacancy rate at 3.3%.
- For commercial availability, there is nothing under construction. The office stock has contracted over the past 3 years as demolition activity has outpaced new construction.
- In terms of affordability, commercial rents grew by 2.4% over the past year and currently average £21.00 psf according to CoStar (which compares against £18.00 psf for Kent as a whole). This is a healthy increase but is below the 10-year growth average of 2.0%. CoStar see a downward trend and forecast rental growth going forward at 1.1% per annum.

Local Policy:

- There is new workspace within the pipeline, albeit outside of the town centre
- There are available public sector assets and the council is prepared to invest
- There is a feeling that Dartford underperforms in terms of cultural activity

Implications:

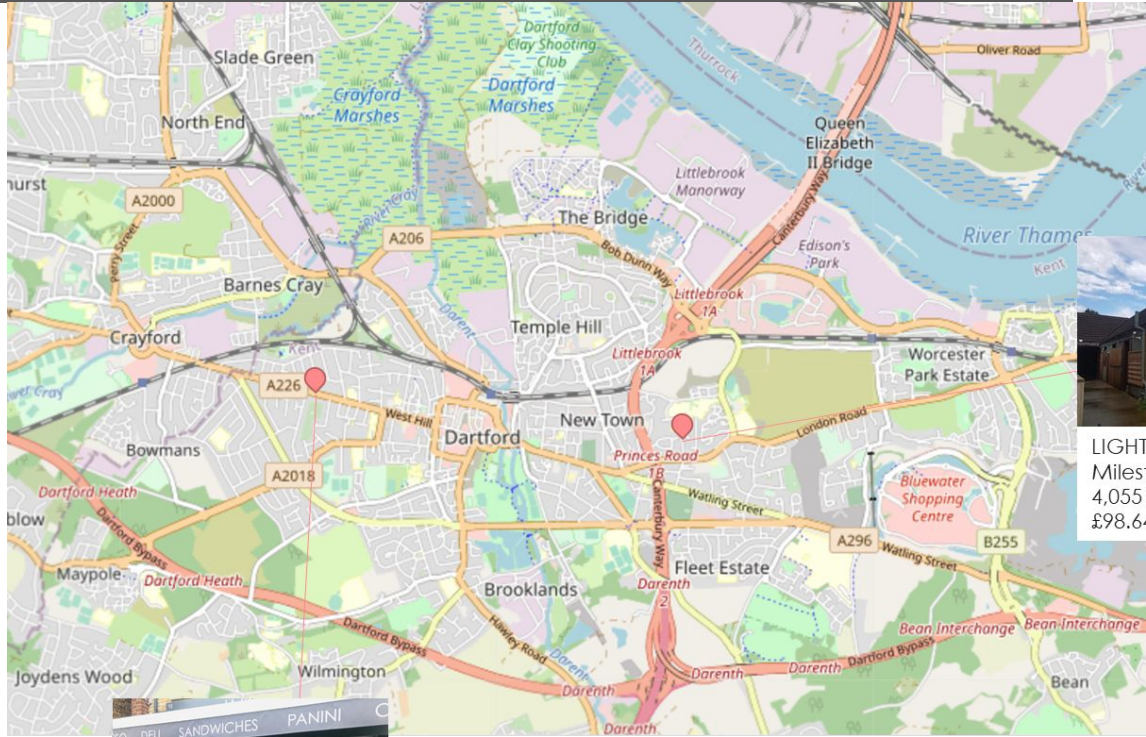
Public space provides an opportunity for Creative Estuary to support new markets and potential asset transfer. Higher reported rental values, could act as a barrier, although also provides an opportunity to generate income which could support the local or regional portfolio.

DARTFORD - ADVERTISED SPACES

CREATIVE
ESTUARY

prd

WORK



LIGHT INDUSTRIAL
Milestone Road
4,055 sq ft
£98.64 per sq ft



RETAIL
Dartford Road, Dartford
436 sq ft
£103.21 per sq ft

GRAVESEND - SIGNIFICANT PUBLIC ASSETS



Known Freeholders

- Company
- Corporate Body
- Local/county authority
- Housing Association

- 22% only held by public sector
- Riverfront predominantly private
- Notable LA assets (shopping centre, chapel, market, pier)
- Some office space – municipal and let commercially
- KCC owned assets
- Fairly low vacancy rate

SPACE

- £14.50 with 2.5% growth rate
- Small spaces tend to let well

AFFORDABILITY

- Arts & Culture Strategy
- “We want activity over revenue”
- Council developing St Georges Centre (leisure quarter) and Horn Yard and Bank Street car parks (resi)
- Considerable LA cultural delivery (theatre, St.Andrew’s, St. George’s)
- Neighbouring large scale development

AUTHORITY SUPPORT

SECTOR

- Some good potential and opportunity for diversity, but stunted by LA delivery & access to space
- Gravesham arts salon
- Limited workspace provision

Property market analysis and trends.

- Gravesham is a very small submarket that contains around 630,000 sqft of office space.
- In terms of commercial availability and take-up, net absorption was negative over the past year. This is a continuation of the trend that has seen an average annual decrease of -1,400 sqft per year over the past five years.
- The vacancy rate has been essentially unchanged over the past year, but at 0.3%, was slightly below the 10-year average. This compares to Kent's vacancy rate at 3.3%.
- For commercial availability, there is nothing is under construction and recent trends would suggest that the inventory is likely to shrink moving forward, according to CoStar. The office stock has contracted over the past 10 years by virtue of demolition activity, and there have been no new developments during this time.
- In terms of affordability, commercial rents grew by 2.2% over the past year and currently average £14.50 psf according to CoStar (which compares against £18.00 psf for Kent as a whole). This is a healthy increase in keeping with the 10-year average. CoStar see a downward trend and forecast rental growth going forward at 1.4% per annum.

Local Policy

- Small spaces tend to let well
- Capable but stunted sector with growth potential identified - lack of space hinders growth
- There are assets in public ownership
- New development is residential led with some mixed use

Implications:

There is a clear case to support conversion to and delivery of smaller units to support the market which already seems to be proven in the town.

GRAVESEND - ADVERTISED SPACES



RETAIL
Pelham Road,
Gravesend
186 sq ft
£510.15 per sq ft



RETAIL
Sun Lane,
Gravesend
318 sq ft
£880.50 per sq ft

CHATHAM - SIGNIFICANT PUBLIC ASSETS

CREATIVE
ESTUARY

prd

WORK



Known Freeholders

- Company
- Corporate Body
- Local/county authority
- Housing Association

- Large public ownership (39.2%)
- New build mixed use opportunities (inside & out)
- Town centre vacancies highest in 5 years



- £14 with 2.3% growth rate (£18 kent ave)
- Ace priority place



+

- Strong LA & partner vision
- Policy strength
- City of Culture 2025 commitment
- Active in commercial acquisition & development
- Developer partners in place and zonal identities emerging
- Town centre focus growing
- Waterfront identity integral to council's ambitions for place.



- Mixed picture - major players strong, some good emerging prospects
- Excellent breadth
- Brought together by City of Culture (CoC) bid
- Community at dockyard

Property market analysis and trends.

- Chatham is part of the Medway in Kent which is a mid-sized submarket that contains around 2.4 million sqft of office space.
- In terms of commercial availability and take-up, net absorption was -15,000 sqft over the past year demonstrating that more property became vacant compared to property that was let. Indeed, the vacancy rate has risen over the past 12 months, and at 3.6%, is the highest it's been in more than five years. This compares to Kent's vacancy rate at 3.3%.
- For commercial availability, there is nothing under construction and the inventory has actually contracted over the past 10 years, as demolition activity has outpaced new construction.
- In terms of affordability, commercial rents grew by 2.3% over the past year and currently average £14.00 psf according to CoStar (which compares against £18.00 for Kent as a whole). This is a healthy increase although it is below the 10-year average. In that respect, CoStar see a downward trend and forecast rental growth going forward at 1.3% per annum.
- Looking forward, the main development opportunity is The Peel Group's Chatham Waters site, which has the potential to deliver 400,000 sq ft over the next 2-3 years.

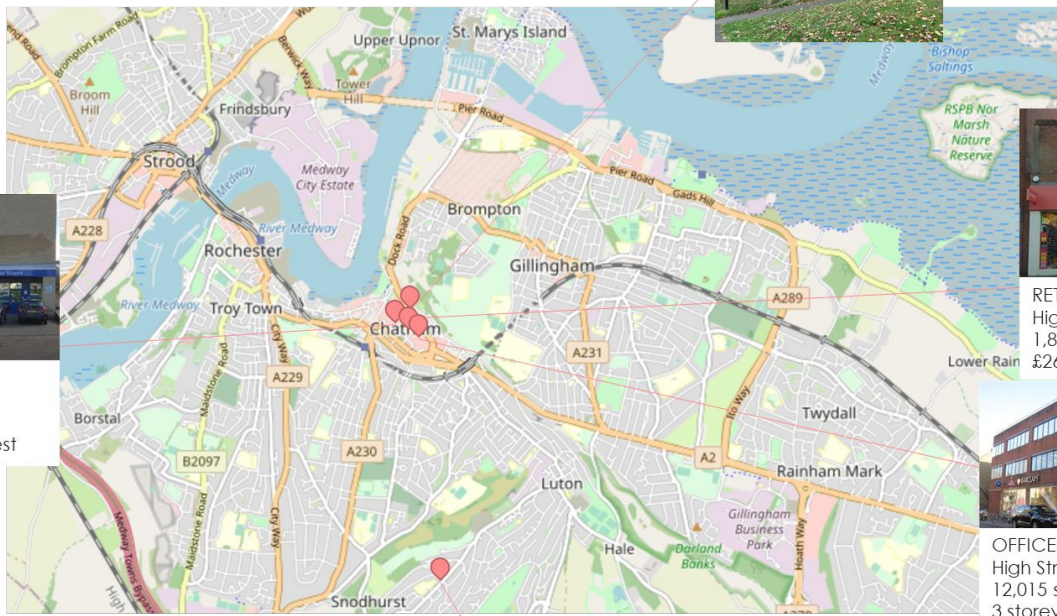
Local Policy

- Strong LA & partners' vision
- Accessible development with mixed use offers
- TC focus accelerating
- Strong partnerships and collaborations development (CHD Trust, Peel Ports)

Implications:

There is already significant momentum in Chatham and Creative Estuary is already supporting the evolution of the Dockyard. Medway DC is already supporting more progressive public sector asset strategy across the whole town to enable this to expand further could be a way for Creative Estuary to secure a local legacy for the project.

CHATHAM- ADVERTISED SPACES



COMMERCIAL
FORMER SCHOOL
King Street, Chatham
£450,000, size unknown



RETAIL
Clover Street
3,373 sq ft
Price on request



RETAIL
High Street
1,854 sq ft
£269.69 per sq ft



OFFICE
High Street
12,015 sq ft
3 storey building,
basement, ground, 1st
floor let until 2024
£145.65 per sq ft



RETAIL
Wayfield Road
£110,000 size unknown

Public ownership alongside the devaluation of town centre stock, provide the opportunity for an public value, mission-led response which has the serendipity of filling empty spaces and supporting new micro clusters of creative activity. This delivers against the original objectives of the Thames Estuary Production Corridor and Creative Estuary itself.

There remains enough public sector stock to deliver at least the 100,000 sqft outlined within the originals Spark 4 plan, although there are only some locations where the momentum exists to deliver against this in the short and medium term. Further mapping will be required in stage two to identify the buildings which can come together to form Creative Estuary portfolio.

There is also strategic momentum to act deliver upon the recommendations of SELEPs forthcoming reports on Creative High Streets and Workspace, supporting Creative Opportunity Zones, 'Demystifying Risk' and Building Capacity.

Where possible, this means supporting occupiers and creative operators to do things themselves in pursuit of the wider regional portfolio (whether this is managed by Creative Estuary or existing more loosely linked by shared objectives and common principles).



Basildon Town Centre by Paul Augarde

In the short and medium term Levelling Up, Towns Fund and Arts Council Investment can provide the stimulus for the creation of a creative portfolio across the region. The UK Shared Prosperity Fund and Cultural Development Fund 3 & 4 are of particular relevance.

The private sector may be limited to a number of specific locations or sub-sectors for institutional investors, but the combined value of self investment by occupiers and businesses should not be overlooked. A collective response will also help to overcome some of the challenges of viability which will come with lower values.

The ultimate measure of success is not the buildings or quantum of space per se, more the number of creative businesses reaching maturity and embedding themselves in a specific location.

The nascent potential observed in Southend, Gravesham and Dartford suggest that this is worthy of consideration as part of a wider economic strategy and therefore represents good value for additional targeted public investment.



The Acacia Buildings, Dartford by Paul Augarde

**Fund
For Creative
Assets**

**Capacity
Building for
Creative
Assets**

**Creative
placemaking
campaign**

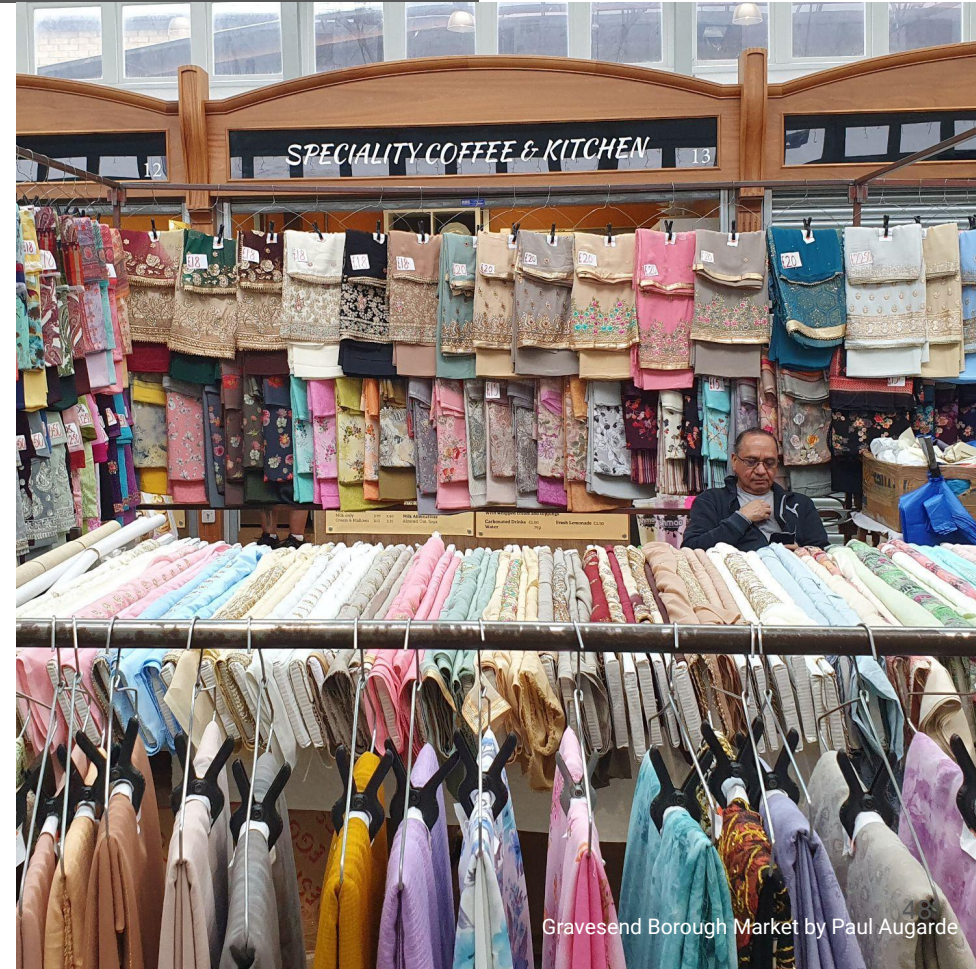
**Creative
Growth
Agency**

**Creative
Development
Trust**

REFINING THE OPTIONS FOR VEHICLES

1	Creative Placemaking Campaign	<ul style="list-style-type: none"> • Raises awareness of need for creative assets • Identifies existing creative assets at risk and highlights opportunities to create new creative assets • Celebrates retention and creation of creative assets with a badge scheme • Potential for small amount of programming and commissioning to support marketing and sector development
2	Capacity Building for Creative Assets	<ul style="list-style-type: none"> • Analyses barriers to development and retention of creative assets • Identifies council and creative sector training needs that address barriers to creative assets • Creates and delivers training to increase skills, knowledge and networks and unlock barriers to delivery
3	Fund for creative assets	<ul style="list-style-type: none"> • Identifies key local partners and projects and their funding needs and generates awareness of need for creative assets and communicate impact and returns to investors • Raises a significant pool of funds through investment opportunities, grant funding and asset transfer programmes to pool resources • Manages this funding pot for local initiatives to apply for funding to develop/retain creative assets
4	Creative Growth Agency	<ul style="list-style-type: none"> • Raises awareness of need for creative assets • Creates and delivers training to increase skills, knowledge and networks and unlock barriers to delivery • Raises a significant pool of funds through investment opportunities, grant funding and asset transfer programmes to pool resources • Manages this funding pot for local initiatives to apply for funding to develop/retain creative assets
5	Creative Development Trust	<ul style="list-style-type: none"> • Brings skills and experience of creative development to the Estuary to develop and hold new creative assets in areas of need and opportunity • Raises own funding and works in partnership with local authorities and existing creative organisations to ensure opportunities for developing and retaining assets are realised

1. Stakeholder engagement led to identification of needs and barriers which shaped the development of four options and the scope of policy review
2. The four options were drafted and shared for review and comment in September and October meetings
3. Criteria for Assessment were shared and developed in September and October meetings
4. Policy review developed and shared in October meeting for review and comment
5. Follow-up work with stakeholders allowed us to soft test elements of the four options and in some cases the four options
6. Draft assessment by WW & PRD and client lead Lorraine Cox led to evolution of the assessment criteria and the four options
7. Final draft assessment of amended five options completed 1st December for review in the December meeting
8. Review and comment on the five options, assessment process and draft findings to be completed in the December meeting
9. Feedback to be integrated into draft final report for presentation in January meeting
10. Final comments and questions raised in January meeting addressed and included in final report after January meeting



Assessment Area	Campaign for Creative Assets	Capacity Building	Fund for Creative Assets	Creative Growth Agency	Creative Development Trust
Sub-Total Creative Sector & Study Area needs	16	22	17	27	17
Sub-Total Organisational Needs	11	12	11	14	7
TOTAL	27	34	28	41	24

RECOMMENDED OPTION - CREATIVE GROWTH AGENCY

The highest scoring option was Option 4 a hybrid of Option 1, 2 & 3. This was conceived as an agency with a broad remit to build the capacity, visibility and sustainability of partners to deliver creative activity and workspace in the Thames Estuary. Working with a range of public & private sector partners, funded through grants, commissions and joint venture initiatives.

- Ability to retain relevance across the Estuary
- Facilitation role allowing LAs/sector partners/developers to strengthen and grow - maximising impact
- Maximises funding options, including partnering
- Flexibility as needs / opportunities change



The table below identifies the key offer of the Creative Growth Agency for each of the six study areas and how this relates to needs across the Creative Estuary as a whole:

	Southend	Basildon	Grays	Dartford	Gravesend	Chatham
Needs identified	Stronger sector Space pipeline	TC activation Cultural leadership	Town Centre renewal Affordable space	Cultural activation & policy	Stronger sector Progressive LA approach	Investment for cultural regen Promotion
Primary activities of the Creative Growth Agency	Build sector skills Attract incoming sector partners Identify assets and help broker deals First mover on new spces	Cultural / Tech promotion Secure cultural investment Curate LA-assets Case making	Brokering space and occupancy of vacant property Conversion of larger floor plates Capacity Building	Build sector skills Attract incoming sector partners (London-based) Cultural curation	Build sector skills Attract incoming sector partners Support cultural devolution Support joined up cultural approach	Secure cultural regen investment centred on workspace offer Build sector skills Cultural promotion
Other CE Estuary towns with similar needs	Margate	Maidstone	Gillingham		Ramsgate, Sheerness	Tilbury

	Key Risk	Likelihood	Severity	Mitigation
1	Availability of Seed-funding is low / highly competitive	4	4	Focus stage 2 work around discussions with funders and potential key partners to identify and develop avenues for funding for the roll-out as part of this work.
2	Ongoing Covid-19 & Brexit crises continue to increase pressure on CCI sector revenue and increase fitout costs, exacerbating pressures that create the demands for affordable workspace	4	4	Keep a watching brief and look for opportunities for the Agency to address rising costs through scale
3	Legacy of the Creative Estuary programme	3	2	As Creative Estuary programme is currently timebound there is a need to consider the long-term role of the Agency and how this links to and aligns with strategic vision for Creative Estuary and partners.
4	Escalating inflation and other economic drivers lead to volatility in the property market meaning prices go up further exacerbating the issues for the CCI sector	3	5	Keep a watching brief and look for opportunities for the Agency to address rising costs through scale - potential to partner with the Creative Land Trust to attract and use specific funding pots.
5	Sector sees the Creative Growth Agency as a competitor and doesn't desire to work together	2	4	Addressed by shifting focus of the preferred option away from portfolio holding to supporting sector and CCI partners to build ownership in their portfolios.

Although the brief for this work was to develop options for intervention via a vehicle - the underlying intent and driver for this work is to identify the best way to support the provision and retention of affordable space for the creative sector across the Estuary. The work conducted has identified a range of diverse needs across the six towns studied and very much highlights the need for a nuanced and responsive approach that can address the differing barriers found in each of the study areas. What is clear is that intervention to build capacity is critical and that this needs to:

- Provide support to the creative sector to understand property and perform better in preparing business cases, participating in rent and lease negotiations and becoming ready to purchase and fit-out buildings for themselves
- Provide support to local authorities in recognising the value the sector can bring, making buildings available through mechanisms that promote affordability

In parallel with this campaign & case making work is needed to:

- Introduce the sector and the Estuary to private sector developers
- Champion and celebrate the workspaces supported



Thames Estuary from above by Wikipedia

Creative Estuary is currently a fixed-term programme with a future that needs to be secured. While this work has been in progress there has been separate work in train to consider the future of the Creative Estuary programme which recognises the need to sustain the work and impact of the Creative Estuary team in the region.

Although there is currently no independent Creative Estuary vehicle, it is reasonable to assume that this may change and could enable the Growth Board and others to invest further in the Creative Estuary programme. Indeed this new Creative Estuary vehicle could in fact be the most suitable vehicle for the types of support for affordable workspace imagined in our preferred option.

In our work to date it was agreed with the client and steering group not to address the issue of the future of the Creative Estuary. In the forthcoming stage of work it will be necessary to address this and how we recommend doing this is addressed overleaf.



The Kursaal, Southend by Tom Bayly

In the wrap-up for this stage of work all members of the steering group agreed that the Capacity Building of the sector and authorities should be prioritised and supported by the campaign elements of work. The funding elements, while useful and necessary in the long term, are considered to be less critical in early years as they are needed primarily to make the vehicle self sustaining and there is also likely to be resistance to pooling funds as anecdotal evidence suggests many funders are resistant to requests to pool funds. There is however opportunity to explore how existing mechanisms can be better used to access funding.

In keeping with the thinking on the need for a vehicle and the future of the Creative Estuary noted on the previous pages we have agreed to address this in the following manner:

- Focus first on what work needs doing - identify the tasks, skills and costs of this work
- Then assess the possible options for where this work could 'live' - this will include setting up a new vehicle, delivery by existing vehicles and delivery by the Creative Estuary team in the current or future organisational set-up
- Recommend a preferred delivery option and funding strategy along with a plan of work

