The potential of Ebbsfleet, Kent Thameside, as a future office location

Prepared on behalf of Kent Thameside Delivery Board and Locate in Kent

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Executive Summary

Ebbsfleet and the Eastern Quarry combined form Ebbsfleet Valley, one of the largest proposed mixed-use schemes within the Thames Gateway. The development, totalling 4.5 m sq ft, includes a considerable amount of residential and commercial accommodation, the combination and size of which help set Ebbsfleet Valley apart from many other areas within the Thames Gateway, the UK and on a European scale.

Based on independent employment forecasts from Experian Business Strategies the new office development could lead to an additional 16,066 jobs being created in the area by 2020. Note this figure is based on full time equivalent employment (FTE).

The forecasts indicate that, even taking into account any displacement, the scheme will create over 10,000 new office jobs within the Business Services Sector alone by 2020. It should also be added that while independent economic forecasts suggest strong employment growth within the area, as the development evolves the potential for further employment growth beyond 2020 is also considerable.

The development should prove attractive to prospective tenants who are seeking to adopt a “core and periphery” strategy by providing predominantly large floor plates on flexible leasing terms to reflect the changing requirements of modern occupiers.

Ebbsfleet is also well placed to attract occupiers concerned over a possible “talent war” for staff. Large potential occupiers will be a position to acquire residential space for staff, as well as state of the art office accommodation. In some instances this will ease relocation issues for occupiers and should allow residents to live close to their offices, avoid lengthy commutes, whilst still benefiting from the greenery of Kent.

Given the timing of the scheme many of the new buildings will be “green”, offering occupiers and employees a sustainable, cost-efficient environment while conforming to current trends in Corporate Social Responsibility (CSR).

Furthermore given the emergence of more companies embracing a flexible working policy, potential occupiers and employees will benefit from state of the art fibre optic cabling in the home as well as in the office.

Reviewing the current active demand profile in the M25 market, it is clear that there are businesses with considerable requirements within the market, totalling 7m sq ft. The three leading sectors currently actively seeking space in the M25 are Professional Services, IT and Banking & Finance. Over time the objective for Ebbsfleet will be attract these businesses and to develop into the administrative and business capital of the Thames Gateway.

Given the breadth and depth of supply, Ebbsfleet has the potential to become a major careers hub in the South East with many leading professional businesses prospectively seeking to locate headquarters in the high quality environment.

Ebbsfleet is expected to become one of the key centres within the South East, offering good accessibility by both public transport and sound road networks, coupled with flexible buildings with the opportunity for expansion space.

Given the international rail service and the links to Northern Europe, the Ebbsfleet development should also prove attractive to international occupiers.

There are already positive implications for Ebbsfleet as an international centre following a recent market survey commissioned by Eurostar. The survey concluded that the catchment area of Ebbsfleet station compared very favourably to that of Waterloo. Evidence from surveys on the introduction of high speed train lines in Japan and France also confirm that significant improvements in infrastructure can lead to considerable uplifts in demand and value.

The introduction of the domestic train service from the new station will also be a major factor in the progress of the development. Domestic services are scheduled to start running from the new station in late 2009.

The new station will also be the focus of a marketing campaign in order to raise the profile of the location and gain recognition from occupiers and workers as an important, accessible communications node.

Ebbsfleet is well placed to emerge as a leading South East office centre following the introduction of the new domestic train service. The development should attract occupiers, offering new, large, “green” buildings on flexible leases, offering state of the art technology with access to a highly skilled labour force. The independent forecasts reflect this with the creation of 16,066 new jobs in Kent Thameside by 2020 as a result of the development.

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Appendices

1.0 Introduction

Kent Thameside and Locate in Kent have instructed the Knight Frank Commercial Research Department of Knight Frank LLP to undertake a report detailing the plans to develop Ebbsfleet as a major office centre.

The report investigates the potential and rationale for developing Ebbsfleet as a premier new office location in both Kent and the South East. The report also reviews the current development proposals and key trends within the current M25 office market and sets the proposals at Ebbsfleet among its likely competitors. The report continues to identify the key criteria that Ebbsfleet will require in order to successfully attract high profile large scale occupiers and investors from both the international and domestic arena. The development of such a market leading business centre has the potential of significantly raising the profile of the South East office market as a whole.

The first section of the report provides a detailed assessment of the plans to develop a major business location at Ebbsfleet in the vicinity of the new international train station. This also includes an overview of the current office development proposals within the study area, including the size, phasing, specification and projected rental levels.

There follows a scenario based analysis on projected employment levels within the development area. The projections by Experian Business Strategies[1] provide an insight into the impact the Ebbsfleet development would have upon the region as well as providing detailed information on the business sectors most likely to be attracted to Ebbsfleet along with realistic timescales.

The following section provides an overview of the M25 and Central London office market detailing the current key trends and considers the potential changes in the dynamic of the markets in light of the proposed development at Ebbsfleet. This section places the proposed development in context and reviews competing schemes within the region.

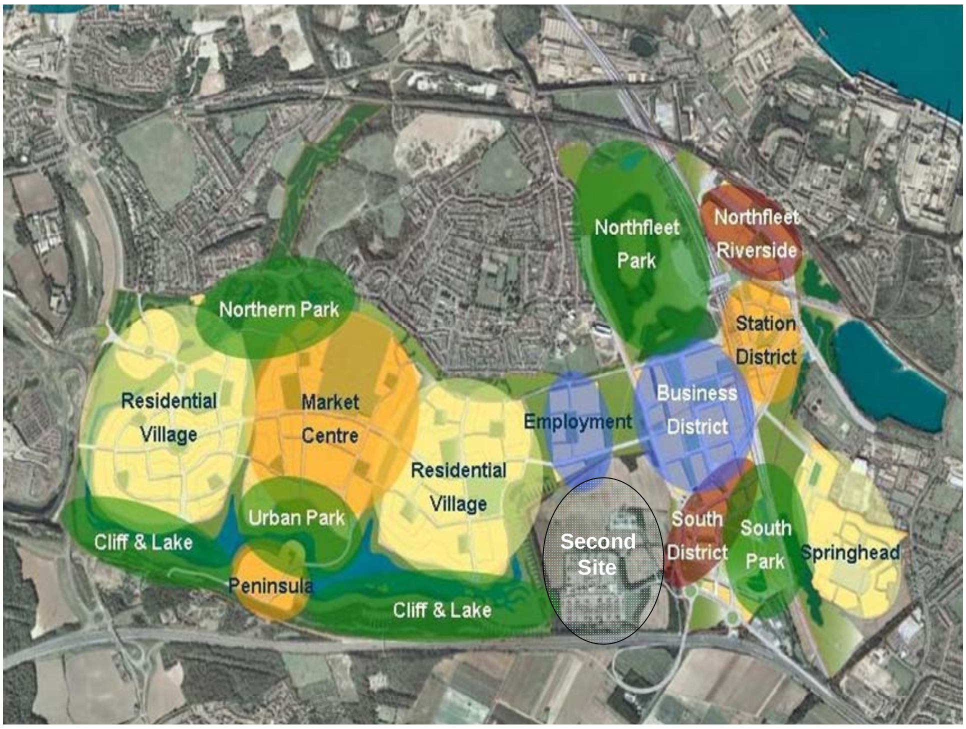
Having established the key competing schemes the report examines the necessary amenities required in order to ensure a sustainable international office location at Ebbsfleet and any comparable successful schemes.

[1] An independent forecasting house.

2.0 Ebbsfleet Development

2.1 Assessment of Planned Development

The 370 acre (150 hectare) mixed-use development at Ebbsfleet will centre around the new international and domestic rail station on the Channel Tunnel Rail Link, due to complete in 2007.



Source: Land Securities Group/Knight Frank LLP

Ebbsfleet Valley will become a new commercial hub located only 17 minutes via the Channel Tunnel Rail Link from Central London. Ebbsfleet Valley is the combination of the Ebbsfleet site and the Eastern Quarry. The Land Securities Group currently control two areas of land at Ebbsfleet Valley which totals 153 hectares of land surrounding the new CTRL station and Eastern Quarry comprising a further 266 hectares. This represents some 11% of the total developable 'brownfield' land[2] within the Thames Gateway and is one of the largest single ownership developments in the area.

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[2] In strictly planning terms Eastern Quarry does not constitute "brownfield land" as PPG3 excludes mineral sites with a green restoration condition.

2.2 Overview of Current Office Development Proposals

Ebbsfleet Valley represents 48% of proposed stock of employment land within the Kent Thameside region. The following image represents the proposed masterplan for the site.

- Land Securities have an outline planning consent for 8.5m sq ft of new development at Ebbsfleet comprising:
    - Up to 3,384 residential units.
    - Over 5.4m sq ft of commercial, retail, leisure and community space.
- Land Securities have a resolution to grant outline planning consent for 9.4m sq ft of new development at Eastern Quarry comprising:
    - 6,250 residential units.
    - 2.7m sq ft of commercial, retail, leisure and community space.
- Ebbsfleet and Eastern Quarry together will provide circa 5,000 new homes in Kent Thameside from now until 2016.
- New dwellings at Ebbsfleet and Eastern Quarry will represent some 4% of the total 120,000 planned homes in the Thames Gateway.
- The total development cost for Ebbsfleet Valley is over £3bn of which at least £600m is required for upfront infrastructure and enabling works.
- While the proposed scheme will be mixed-use, the new station is proposed to be the heart of the new office development.

2.3 Phasing of the Development

The following image details the proposed phasing of the Ebbsfleet development.

The image above provides an insight into the proposed phasing for the Ebbsfleet development. Given the nature of the project there are no definitive dates yet attached to phases. However it is clear that the office element of the development will start to gain momentum following the opening of the domestic rail service in late 2009. Given the extended time period of the development marketing for key occupiers is set to start towards the close of 2006. This will have an impact on the future timing of office developments, depending on the success of the marketing drive pre-lets may complete in 2007. The proposed timing of the development will coincide with the projected recovery of the M25 office market, which forecasts “recovery” to occur in 07/08. Development on the site is expected to be initially driven by pre-lets rather than speculative development.

2.4 Building Specification

In terms of the building specification and location, the proposed development is aiming to provide best of breed business facilities. The site has the potential to be one of the first large scale schemes in the UK to offer state of the art fibre optic technology in “green” buildings. The Ebbsfleet site is placed along the national fibre optic grid which will enable the offices at Ebbsfleet to provide some of the most advanced IT infrastructure in the UK.

Furthermore, the development has the potential to offer large, new floor plates while offering considerable flexibility in terms of expansion potential. This will provide the cornerstone of the office development although there will also be smaller business units available within the development directed towards SMEs and start-up companies. There is also the potential for an element of incubatory office space within the development to help attract new and emerging industries.

2.5 Rental Levels

Proposed rental levels for the scheme start at approximately £25.00 per sq ft although this is forecast to rise over the medium-term in line with other key office market locations within the M25 and M4 region. Proposed rental levels and competing schemes are reviewed in more detail later in the report. A rent of £30.00 per sq ft is proposed for office accommodation once the scheme is fully developed and benefits from a high profile and diverse range of occupiers.

3.0 Employment Scenario Analysis

New developments in the North Kent area are focused in three "zones of change":

- Kent Thameside
- Medway and Grain
- Sittingbourne and Sheerness

Of these three "zones of change" Kent Thameside has the potential to help create the most new employment.

Given the location of the Kent Thameside development employment forecasts have been based on a combination of Dartford and Gravesham local authority employment levels. The figures prepared by Experian Business Strategies start at a base level at 2004 representing the sum of both local authorities employment levels. The baseline forecast for the area is Experian Business Strategies standard economic forecast based on the over-riding economic conditions within the regional and national economy, although without any implications of the proposed major development taking place.

The Kent Thameside scenario is based on the development of 4.5m sq ft of office space staggered over the stated time period. The figures are based on the amount of new equivalent full time jobs that are projected to be created by the new development, including the baseline forecasts, and adjusted for displacement.

In order to produce the scenarios, Experian Business Strategies reviewed prevailing economic conditions along with the Learning and Skills Council's (LSC) Thames Gateway Skills Audit[3] which included employment estimates for Kent Thameside. Experian Business Strategies assigned new jobs to the most appropriate industry sectors, based upon the LSC findings and their own experience of such developments in the UK.

The Experian Business Strategies forecast have been produced to provide a conservative independent view of how the Ebbsfleet development may impact upon projected job gains in Kent Thameside. However, it should be noted that there are significant variations in the amount of new jobs that are anticipated within the area moving forwards, this is largely due to the publication of target figures rather than actual projections which arguably offer a more realistic representation.

The following tables provide a summary of the employment growth statistics from Experian Business Strategies compared to the scenario forecasts produced by Kent County Council as part of the Kent and Medway Structure Plan (KMSP). Note the figures from Kent County Council are based on the same geographical area as the Experian forecasts, Kent Thameside, (although include part-time jobs rather than full time equivalent employment as used by Experian Business Strategies).

Furthermore the KMSP baseline assessment to 2021 assumed two levels of net gain from the major sites in the planning system to estimate a range of net employment impact (this was based on all sites over 10 hectares). The low scenario assumes a 40% net gain (60% for Dartford) and high scenario assumes a 60% net gain (80% for Dartford). The Experian Business Strategies figures are based only on the impact of the additional 4.5m sq of office development and underlying regional trends in Kent Thameside.

[3] In conjunction with DTZ Pieda.

Experian Business Strategies Report

	2004	2020	Change	% Change
Kent Thameside Baseline Employment	55,537	66,658	11,121	20%
Scenario Employment	55,537	82,724	27,187	49%
Difference	**0**	**16,066**		**29%**

Kent and Medway Structure Plan – Baseline

	2001	2021	Change	% Change
Dartford	43,800	47,900	4,100	9%
Gravesham	32,000	28,400	-3,600	-11%
Total	**75,800**	**76,300**	**500**	**7%**

Kent & Medway Structure Plan – Low impact of major sites

	2001	2021	Change	% Change
Dartford	43,800	65,014	21,214	48%
Gravesham	32,000	37,700	1,700	18%
Total	**75,800**	**98,713**	**22,913**	**30%**

Kent & Medway Structure Plan – High impact of sites

	2001	2021	Change	% Change
Dartford	43,800	70,718	26,918	61%
Gravesham	32,000	36,349	4,349	14%
Total	**75,800**	**107,068**	**31,268**	**41%**

It is also important to note that although the figures from Experian and Kent & Medway are based on data from the Annual Business Inquiry there is a considerable difference between their respective base rate figures. The difference arises from the full-time equivalent employment definition. Experian Business Strategies re-weights part-time workers at 40% to reflect their lower labour input, and their headcount figures, hence the lower projected employment figures.

From the range of forecasts it is clear that even with a low impact scenario from the Kent & Medway Structure Plan, Kent Thameside is projected to contribute an additional 22,913 jobs to the area. While it should be noted that the different full-time equivalent employment definitions will have an impact on the overall figure the low impact scenario appears very positive, particularly compared to the Experian Business baseline forecast of just 11,121 additional jobs.

Based on the Kent Thameside development scenario by Experian Business Strategies there will be an additional 16,066 jobs created in Kent Thameside by 2020. By contrast the high impact scenario from Kent & Medway projects an increase of 31,268 jobs, considerably above the Experian figure. Given such a large discrepancy it is clear that the Kent & Medway forecasts appear particularly bullish compared to the conservative, independent Experian forecast. This again demonstrates the range of the forecasts associated with employment projections in the area. However, what is clear from the statistics is that the outlook for employment in Kent Thameside is very positive, even based on conservative independent figures.

It is also important to note that these forecasts are based on a specific area within the South East region (Kent Thameside). As with any substantial development and subsequent job creation there is invariably a multiplier effect experienced by surrounding areas within the region, although any additional jobs that may be generated in the broader region are not represented in these figures.

Furthermore the Experian forecast figures only project employment growth between 2004-2020. Although during this time substantial job growth is forecast it could be argued that this may be the beginning of a longer upward trend. Taking the example of Canary Wharf, during the early stages of development, employment growth was relatively slow as few occupiers acquired space. However, as time has passed and development gathered momentum, the area has strengthened its position as a key office location which has impacted very positively on employment growth within the area.

While it is encouraging to note the projected levels of employment within the region are forecast to increase, it is important to review the employment sectors which are expected to strengthen over the projected time period. The following table provides a breakdown of the projected key employment sectors in Kent Thameside moving forwards.

Key Employment Sectors*

	Business Services	**Banking & Insurance**	**Other Financial Business Services**	**Communications**	**Public Sector**	**Retailing**
2004-2008	1,348	162	80	-57	613	2,047
2008-2012	2,757	96	230	90	663	1,220
2012-2016	4,034	78	154	51	948	961
2016+	4,131	62	135	18	971	745
Total	**12,270**	**398**	**599**	**102**	**3,195**	**4,972**

Source: Experian Business Strategies

*Full definitions of each of the employment sectors are listed in Appendix 1 at the end of the report.

Figures from Experian Business Strategies suggest that the key growth areas of the economy will be office based-jobs. Office and service sector jobs dominate the expected employment creation, although the retail sector is also projected to experience considerable growth with an additional 4,972 jobs over the projected time frame. This will positively impact upon the attractiveness of Ebbsfleet as an office location, in terms of offering an extensive retail offer.

It should be noted that the success of the development is linked to the opening of the Ebbsfleet rail link which will offer both domestic and an important transport hub for international rail links.

From the forecasts it is clear that the most prominent sector in terms of employment growth is Business Services, including legal and other consulting businesses, which are expected to provide 12,270 jobs leading from 2006 to 2020. The Public Sector is also projected to experience a notable upturn in employment levels totalling 3,195. The forecasts project only marginal employment growth in Banking & Insurance employment within the area. This would suggest that despite the introduction of the new development, the positioning of Canary Wharf and the City remain very strong. However, these forecasts do not fully take into consideration the trends in the market in recent years for many banking institutions to re-locate back office functions and disaster recovery sites out of London to the regions due to security and cost issues. Ebbsfleet is well positioned to take advantage of this continuing trend in the market with the potential to offer state of the art technology in a location close to the city centre.

It is also important to note that there are several other significant developments scheduled to take place in the UK moving forwards. Arguably the single largest event will be the Olympic Games in 2012 which is likely to have a substantial impact upon the UK economy and most notably the South East. Although the event itself will take place over just four weeks the planning, marketing, implementation and execution will require considerable efforts before the event and may lead to the introduction of many new-age firms to the region. Again Ebbsfleet will be well located offering a range of business accommodation with state of the art technology within a best-of breed business park environment. Furthermore the area by that stage will offer easy and rapid access to the continent, hence becoming a potential base for larger multinational's European headquarters.

Projected Demand for Accommodation

Using employment density figures from English Partnerships[4] it is possible to determine the amount of space that may be demanded by the emerging sectors. It should be noted that these projections are based on forecast employment demand only, and take no account of market demand. The following table provides an outline figure of the potential demand requirements for the expanding employment sections in the Kent Thameside market.

Employment density refers to the average floor space in sq ft per person in an occupied building. It should be noted that the employment density per office varies according to the type of work space. A general office employment density of 1:205 has been used in this analysis. Note that for other types of office buildings the employment densities may be larger, for instance Serviced Business Centres densities are higher at 1:215, while head quarters are 1:270. Both of these types of office buildings will be key targets for the Ebbsfleet development.

Key Employment Sectors Floor Space Demand (Sq ft)

	Business Services	Banking & Insurance	Other Financial Business Services	Communications	Public Sector
2004-2008	276,340	33,210	16,400	-11,685	125,665
2008-2012	565,185	19,680	47,150	18,450	135,915
2012-2016	826,970	15,990	31,570	10,455	194,340
2016+	846,855	12,710	27,675	3,690	199,055
Total	**2,515,350**	**81,590**	**122,795**	**20,910**	**654,975**

Source: Experian Business Strategies

[4] English Partnerships: Employment densities a simple guide.

By applying average industry standard employment densities it is possible to generate a better idea of the timing of the Ebbsfleet development based on potential occupier demand. Given that Ebbsfleet is a new emerging product it is clear that it will take time for the majority of occupiers to consider locating to the site. However, as the infrastructure improves, domestic and international train links become more established, it is clear that projected demand for office accommodation will gain momentum.

It is clear from the projected employment figures that Business Services will have the greatest impact in terms of special requirements, although both the Public Sector and Other Financial Business Services are also key growth sectors.

Overall it is clear that while the new transport infrastructure will be key the prospects for employment growth following the development of Ebbsfleet are very positive. The potential for the site to achieve employment growth across a diverse range of employers in the Business Services sector is key. It is clear that there is potential for a broad range of occupiers from several different markets. Arguably most positive will be the introduction of new business and start-ups to the region. There is also sizeable scope for occupiers from London to relocate back office functions and ICT based companies to take advantage of the IT infrastructure and fibre optic network in a more occupier friendly environment.

The site also has the potential to become an important hub for the business services that will be required as part of the Olympics preparation in 2012 from industries such as marketing and media. While these sectors may not be a particularly labour intensive in their own right they will help add to the diversity of industries present in Ebbsfleet. They may also have a positive impact on drawing other larger occupiers to the centre who may wish to capitalise on close working relations with these industries.

Attracting such occupiers to Ebbsfleet will be based on the site’s ability to offer best of breed office product, in a desirable location at competitive rental levels and with substantial scope for residential space for employees wishing to live close to work. This is of particular relevance in an area where there is an estimated 100,000 commuters, many of whom would prefer to work closer to home given the option. Overall it is clear that the domestic train service will have the greatest impact on job creation within the area. Furthermore with the introduction of the international train station there is scope for larger, multinational occupiers to take advantage of this new business centre and the diverse range of occupants and a highly skilled and loyal workforce.

4.0 Key Corporate Trends in the Central London and South East Office Market

The way commercial property is perceived and employed by occupiers and investors is rapidly changing due to a number of factors. This section of the report identifies the emerging trends in the market which increasingly impact upon the decision to locate and develop in a specific area.

The notion of the dispersed workforce in dispersed workplaces, to provide space for more agile business, is gaining ground quickly.

It is already becoming clear that workers will be pulled (by quality of life factors) and pushed (by employers eager to save overhead costs) to work at least part-time from home. There is also anecdotal evidence that the number of self-employed and smaller limited companies is increasing in key sectors, reflecting the ease with which individuals can now operate commercially outside the bounds of larger companies. This also underlines the importance of the availability of smaller units within the range of office products that are to be made available. Furthermore, Ebbsfleet will also be in a position to provide state of the art fibre-optic technology within the new residential developments which would aid those seeking to work from home.

The development of some smaller units in new schemes such as Ebbsfleet will provide potential for smaller local businesses to become part of the scheme's development as well as providing incubator space for new and emerging businesses who in time may expand upon their initial accommodation. The idea of managed offices and flexibility are becoming increasingly important in the market and Ebbsfleet is in a position to offer this type of accommodation as an element of the office development. Furthermore with the blend of office and residential space Ebbsfleet Valley is also poised to cater for the next generation of employees who have a better work life balance compared to the commuter based communities commonly found in the South East.

The issue of cost efficiencies are becoming an increasingly important element of the corporate agenda. This ultimately impacts on the need for flexible and responsive work environments. Many organisations are moving towards a "core and periphery" strategy whereby they retain a core of buildings on relatively long-term commitments to accommodate the majority of its needs, with additional capacity provided by a series of more flexible arrangements that might be short leases, serviced offices or options to occupy space. A number of companies have already employed this method, including Nokia who have a five year agreement with serviced office operator Regus. The strategy has also been introduced by Central Government, using short-term space to deal with fluctuations in demand caused often by sudden changes in policy direction.

The Ebbsfleet development will be in an advantageous position as the "core and periphery" strategy becomes increasingly widespread. This is another competitive advantage that the Ebbsfleet development has over many of the existing centres within the M25 market, due to the masterplanning of the scheme being at its infancy and able to incorporate these emerging trends.

The importance of retaining staff has led to the emergence of a “talent war” in order to attract and retain the right calibre of staff to fuel growth and competitive advantage. This is leading to the need to provide appropriate work environments. The new developments at Ebbsfleet Valley will offer state of the art technology in a modern office environment with a residential element close to the greenery of Kent. The South East already has a large highly skilled labour force which potential occupiers consider very important. As well as access to a highly skilled labour force there is evidence to suggest that staff retention levels are higher in Kent than in many other parts of the country for certain industries. The Rail Europe Group Ltd recently moved 200 employees from Waterloo to a new call centre at Kings Hill, near Maidstone, the churn rate (turnover of staff) is 15% compared to over 40% in other major call centre cities.

The past decade has witnessed a revolution in the way in which offices are occupied, bringing with it expanding possibilities for mobile and flexible working patterns. New technologies have enabled different work styles, allowing organisations to become much more fluid. These trends are also encouraging different approaches to building specification where cost and value are important, and everything from air handling systems to glazing systems to marble receptions are now being reviewed for their whole-life cost implications. These are all factors that are becoming increasingly important within the commercial property market in the UK and must be considered in the development at Ebbsfleet.

It is also important to note that companies are now becoming more involved in Corporate Social Responsibility (CSR). Along with the introduction of new building regulations, businesses are now more aware about the importance of “green” buildings. This has a dual purpose, the first is based on the principal of CSR with companies keen to maintain an environmentally friendly workplace both for their employees and overall image. Also, there are the sustainability and efficiency factors, with modern “green” buildings providing a more cost-efficient alternative to older buildings. Again Ebbsfleet will be in a position to benefit, as the new office buildings constructed will reflect this change in design, offering “greener” and more cost effective office accommodation.

The drivers of organisational change have the potential to bring about significant shifts in the profile of demand for office space throughout the South East office market. As companies search for more flexible occupation (physically and contractually), for an increasingly mobile and dispersed workforce, so the supply industry and Ebbsfleet will need to respond with new products appropriate to the new patterns of occupation.

5.0 Business Sectors likely to be attracted to Ebbsfleet

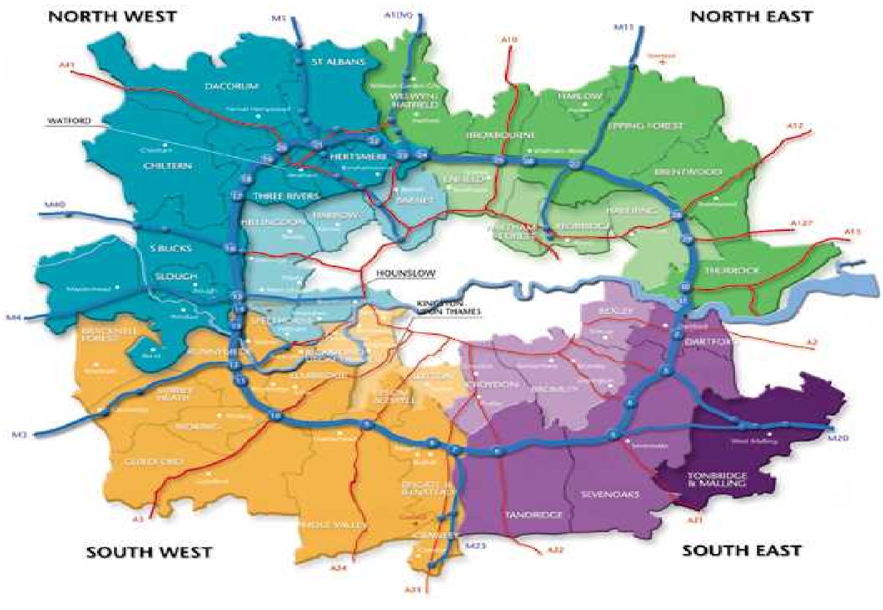
5.1 South East Office Market

The Ebbsfleet development has the potential to become one of the key centres in the South East and as such it is important to appreciate both the current economic outlook and relevant property markets. According to Capital Economics, GDP output growth is forecast to remain positive totalling 2.3% in 2006 and 2007 and averaging 2.5% between 2008-2012 - a rate of economic growth marginally above the long-term average. However the impact on property demand will depend heavily on the key growth sectors, most notably Business Services.

5.2 M25 and South East Office Market Overview

The M25 office market is viewed as the premier out-of-town office location within the UK. The market is divided between the eastern and western quadrants. Historically these have proved to be very different markets, in terms of development and occupier profiles. The western side of the M25 and in particular the North West quadrant has proved particularly attractive in terms of both rental growth and development activity over the last decade. It is this quadrant which has attracted the majority of Information, Communications and Technology (ICT) companies locating in the UK, many with US parentage, during the late 1990s.

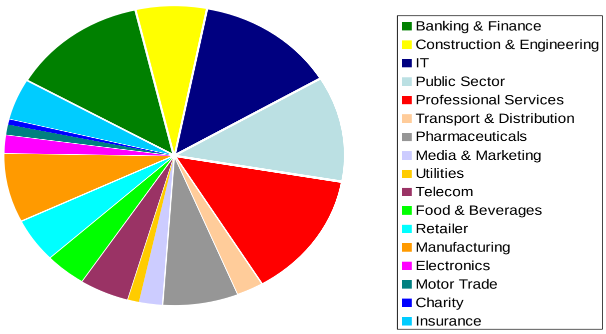
The M25 Market



Demand levels in the M25 have shown robust progress in recent years following the downturn in the market after the dot-com boom. Quarterly take-up in the market was consistently above 800,000 sq ft and forecasts suggest that this trend will continue over the short to medium-term driven by growth in the services sector.

The following pie chart provides an insight into the amount of active named requirements currently in the M25 as a whole. This provides an indication of the amount of space currently demanded by potential occupiers by employment sector. Over recent years the IT, Pharmaceuticals and Financial Business Services have dominated requirements within the M25 office market. In Q1 2006 Banking & Finance, Professional Services, the Local Government/Public Sector and IT accounted for over 50% of active named requirements.

M25 Office Demand by Sector - May 2006



Total: 7.0 million sq ft

Analysis covers named enquiries in excess of 10,000 sq ft net

Active demand requirements provide an indication of current demand within the market. The figure acts as an indicator of how much space could be acquired in the market given the right quality and quantity of available office stock. Often potential occupiers will have a broad remit as to where they require space, i.e. along the M4 Corridor or within a certain market quadrant.

The chart demonstrates the considerable diversity of demand from potential occupiers within the M25. At present there are several different industry sectors seeking accommodation in or around the M25 totalling 7.0 m sq ft. The largest sector for active demand in the market is Professional Services (which include Legal, Property and Consulting businesses**)** with maximum potential requirements close to 1m sq ft. The three leading sectors in terms of active demand requirements are outlined below:

- **Professional Services -** In the current market there is 953,500 sq ft of active named demand from 32 separate occupiers. There are currently several requirements in excess of 50,000 sq ft.

- **I.T.** - The IT sector has been a major driver of take-up in the M25 for several years. Active demand requirements at the end Q1 2006 totalled 921,000 sq ft, the average requirement for each occupier totals 33,000 sq ft.

- **Banking & Finance** - Banking and Finance requirements have remained robust in recent years and currently total 916,000 sq ft. Notable occupiers actively seeking accommodation in the market include ABN Amro, Northgate Capital and American Express.

From the active named demand schedule it is clear that as well as offering a broad diversity of occupiers from different sectors, there are often competing firms from a single industry seeking to acquire space such as ABN Amro and Northgate Capital.

Over time the objective for Ebbsfleet will be to develop into the administrative and business capital of the Thames Gateway. Given the breadth and depth of proposed supply, Ebbsfleet has the potential to become a major careers hub in the South East with many leading professional businesses in Kent seeking to locate headquarters in the area. This would have the added advantage for both occupiers and workers, providing both with a greater choice of options in an expanding knowledge economy. It should also be noted that given international rail service and links to the Northern Europe the Ebbsfleet development should also prove attractive to international occupiers.

6.0 Competing Centres

The volume of space actively required by companies within the M25 market is demonstrative of the volume and diversity of demand Ebbsfleet is capable of attracting over the long-term. The current master plan proposes high-density office towers for the areas adjacent to the new station. In order to gain a greater idea of competing centres it is useful to compare other key competing centres and schemes in the M25 and London with a similar office stock to that proposed at Ebbsfleet.

It should be noted that as a new development Ebbsfleet has the potential to address and tailor space in order to meet occupier's current requirements in terms of their desired environment, product and volume of space. The new scheme has the opportunity of becoming one of the most occupier friendly locations in the South East, without the problems associated with older markets, such as obsolescence, poor technological infrastructure and limited expansion potential. Furthermore, the Ebbsfleet site has the advantage of being able to offer residential space as well as commercial accommodation which is projected to help attract staff.

Office Stock Figures

Centre	Stock (sq ft)
Croydon	**8,800,000**
Chiswick Park (Hounslow)	**7,000,000**
Reading (In town)	**5,500,000**
Reading (Out of town)	**5,500,000**
Stratford	**5,000,000***
Ebbsfleet	4,500,000*
Kings Cross	**4,400,000***
Royals Business Park	**1,600,000**
Paddington	**1,500,000**

* Provisional figures based on current proposals.

From the table above it is clear that there are several key centres in and around the M25 which are potential competitors. The table also lists proposed schemes which are scheduled to be delivered broadly over the same time period as Ebbsfleet.

While the stock figures provide a broad idea of the markets in terms of scale, it is important to review the profiles of each of the centres in terms of occupiers, product availability and development potential.

Kings Cross

- An emerging office market in Central London, bounded geographically between Bloomsbury, Euston, the northern fringe of the City and Camden. The area is due to be transformed by a number of significant office developments and the extension of the Channel Tunnel rail link to Kings Cross mainline station.

- The limited new and refurbished space is the subject of competition from a number of occupiers, mainly from the media sector.

- Rents are currently driven by the media sector with occupiers looking to take advantage of the 'media' style accommodation at rental levels at circa £30.00 per sq ft.

- Another significant occupier is the Guardian Media Group which have pre-let 150,000 sq ft at Parabola Land's King's Place scheme, which is due for completion in 2008.

Summary: In the longer term, the regeneration of the area will come to fruition with the completion of the Channel Tunnel rail link, and the commencement of the Argent / LCR's Kings Cross Central, a mixed-use scheme with approximately 4.38 m sq ft of offices planned.

Kings Cross has been listed as a potential development site for over 30 years although it is only recently that the potential of the site has been recognised. The centre is proving attractive to sectors with a preference or need to locate in Central London.

Paddington

- A relatively new sub-market with the majority of new supply created post 2000 which is dominated by two schemes; Paddington Central and Paddington Basin.

- Tenants attracted by strong transport links and the scale of developments within Central London. Transport infrastructure may be further enhanced by Cross Rail, although uncertainty surrounds its proposed timescale.

- Key transactions to date include Visa, Marks & Spencer, Prudential and WJB Chiltern.

- Moving forwards the majority of new developments are expected to be driven by pre-lets.

- Prime office rents peaked at £42.50 in 2002 and currently stand at £40.00 per sq ft. Rents are currently at a 40% discount to cover West End, and a 20% discount to Victoria.

- Future development opportunities may be limited by restricted site availability.

Summary: Paddington represents another emerging location in Central London aided by the proximity to the transport network at Paddington Station, including Heathrow Express. However, over the medium to long-term, Cross Rail will play a vital role should it proceed.

Reading (Town Centre)

- The Reading town centre market offers a reasonable range of office accommodation and caters to a diverse occupier profile which is dominated by Professional Services, Banking & Government.

- Reading is considered the "key" Thames Valley town with a well established, high profile and large scale town centre office core. However there is only limited new space available within the market.

- The proximity to the university and skilled labour force has proved an important factor for local employers.

- The centre has also benefited from good accessibility at J's10,11&12 of M4 and fast trains to Paddington and the West Country.

- In contrast to other town centre markets within the M25 there remain opportunities to acquire large floorplates, however again there remains an issue over the quality of accommodation available.

- Key occupiers include Prudential, Yell, Hutchison 3G and Energis.

- Town centre rents reached £25.00 in 1990, peaked at £27.00 in 2001 and currently stand at £23.00.

Summary: The Reading market is one of the most established centres along the M4. The towns good transport links and access to skilled labour have helped the market mature. However, despite a broad range of occupiers there is limited new space available within the town centre.

Reading (Out of Town Market)

- The out of town market in Reading is home to many of the first generation business parks that were introduced in the UK. The market is also the site of the Thames Valley's most notable business park – GreenPark.

- The market developed around many of the positive elements enjoyed by the town centre, sound infrastructure and access to skilled labour while offering large volumes of new space.

- The occupier profile in the Reading out of town market is dominated by IT and software companies, many of which expanded rapidly during the dot.com boom.

- Significant occupiers include Microsoft, Hutchison 3G, Energis and Compaq Computer.

- Following the downturn in the economy many speculatively built offices remained vacant and there remain buildings on the market which are now more than 18 months old which are yet to be let. Vacancy rates in the out of town market have remained higher than the town centre, primarily due to the amount of surplus stock.

- Rental levels in the out of town market also reflect the dot.com boon with peaks of £35.00 in 2001 compared to £23.00 in the current market.

Summary: The out of town office market in Reading experienced considerable growth during the late 1990s when it became the focus of several large IT companies. Occupiers were attracted to the area offering good communications and a skilled workforce with a “greener” out of town setting offering more space and the potential for larger floorplates. However, following the downturn in the ICT sector the market was left with substantial volumes of un-occupied space and rental values fell. Over the last 12 months there has been an upturn in demand although there remains a considerable amount of vacant space on the market.

Chiswick

- Although the office market is not as established or diverse as key centres such as Hammersmith, Chiswick Park has rapidly emerged as a key centre with significant occupiers including Discovery.
- The success of Chiswick Park has been aided by good accessibility to J1 of M4, District Underground Line and railway line.
- Another factor in the robust growth at Chiswick Park has been due to its proximity to a strong residential market and good quality of labour supply.
- The office market in Chiswick is dominated by the Chiswick Park development (Stanhope).
- Prime rents reached £31.00 in 1990, peaked at £35.00 in 2001 and currently stand at £29.00, dictated by Chiswick Park.

Summary: Chiswick Park has proved very popular with the Media sector and largely dominates the local market. Although rental growth is forecast as the market expands and matures, employment growth from the Media sector remains limited. Overall the success of Chiswick Park demonstrates the importance of a modern office location within the M25.

Croydon

- The Croydon office market experienced considerable expansion during the 1950s to 1970s as firms started to relocate from Central London driven by lower rental levels.
- However the trend stalled in the 1980s and to a certain extent was reversed during the 1990s, although in recent years the market has seen some signs of recovery boosted by significant public sector activity.
- Nestle and Philips Electronics are the most significant private sector occupiers and both have their national office HQs in the town. BT also has a significant presence in the town. However, it is the Public sector which continues to dominate, with the Immigration and Nationality Directorate in particular expanding significantly in recent years.
- While demand has remained relatively strong, there have been very few large transactions recorded in the market.

Summary: The Croydon office market was the product of the first wave of firms relocating from London. Despite the reversal of this trend during the 1990s the market is now beginning to attract occupiers again. However, aside from a few large private sector companies the market displays a very limited occupier profile. The expansion of the Public sector in the area has aided take-up with several departments located in the town. However, there remains a lack of new, quality available stock in the town centre.

Stratford

- Traditionally a traffic conduit to Central London, Stratford is in line to reap the benefits of the 2012 Olympics and the improvement to the transport network planned for the East End of London.

- Stratford City is a mixed-use development by Stanhope, Chelsfield and London & Continental Railways, offering a proposed 5 m sq ft of commercial space over the next 15 years.

- The success of this scheme depends largely upon the proposed transport links planned for the area. Infrastructure improvements in the Lower Lea Valley will provide a link between Canary Wharf, City Airport, the Royal Docks and Stratford, while at the same time the proposed Channel Tunnel link will open up the area to Central London and the European markets.

- Demand for office units in the area have increased over the last 12 months, although the area predominantly remains an industrial location.

Summary: The upturn in demand for office accommodation will encourage growth in both rents and land values in what remains a largely industrial based market. Rental levels are significantly lower than those in Central London while proposed infrastructure should ensure the excellent links with both the City and the Continent. Overall the site shares many of the same advantages of Ebbsfleet. However a key issue will remain the finalised rail schedules and the site's ability to attract occupiers and workers to an area which is predominantly perceived as an industrial location. On this basis Ebbsfleet would appear a more attractive alternative for occupiers, employees and residents.

Royals Business Park

- The Royals Business Park is London's largest business park providing new office accommodation at a much lower occupational cost than Canary Wharf or the City of London.

- Planning consent exists for up to 1.6 million sq ft of new offices at the Royals Business Park, with 1,875 car parking spaces. Once complete it will be the largest urban office park in London.

- The Royals Business Park offers good transport links. London City Airport and the Stratford International Passenger Station are both in close proximity. There are also three new river crossings planned: a Thames Gateway multimodal bridge between Gallions Reach and Thamesmead, a local crossing between Silvertown and North Greenwich and a Woolwich rail crossing through an extension of the Docklands Light Railway.

- The park is gradually developing a greater range of amenities, the development of the Excel conference centre has been an important factor.

- The park is yet to attract any occupiers although there are several parties that have expressed an interest.

Summary: The park has suffered from only having close proximity to the DLR rail link rather than an underground station which many potential occupiers have viewed as a drawback. Furthermore, interest from Canary Wharf type tenants has not been as high as anticipated due to the timing of completion which has coincided with a downturn in the London economy. Overall it is expected that provided the infrastructure is delivered, with the quality of buildings and comparatively low rents the scheme will attract tenants.

Other Key locations within Kent

Each of the centres reviewed above are considered key South East locations, however it should be noted that there are several office centres within Kent, although these are not expected to be directly competing with the Ebbsfleet market in terms of scale and occupier profile. The following table illustrates the prime rental levels and office stock figures for key office locations in Kent in context.

Centre	Total Office Stock (Million sq ft)	Prime Rent (£ per sq ft)
Ebbsfleet	4.550	**25.00**
Sevenoaks	1.550	**22.00**
Dartford/Crossways	1.033	**21.00**
West Malling/Kings Hill	2.152	**20.50**
Tunbridge Wells	1.883	**17.50**
Ashford	1.345	**12.50**
Canterbury	**1.668**	**12.50**

Source: Knight Frank and ODPM

From the table it is clear that the largest office centre in Kent, other than the proposed Ebbsfleet scheme, is West Malling/Kings Hill which is less than half the size of the proposed development. Kings Hill is a salient example of an office centre in Kent which is not located in a town centre. However, it is important to note that despite the size of the development, the site is largely reliant on private transport. Aside from Kings Hill and Crossways each of the other centres listed are office locations borne out of historic market towns such as Sevenoaks and Tunbridge Wells which are driven by localised demand.

Notably Sevenoaks which currently commands the highest rents within the region exemplifies the overall dynamic of the M25 South East quadrant. With the exception of Crossways and Kings Hill the market on the whole is highly localised and development opportunities are limited. Given these two factors rental growth is generally limited and demand levels sporadic driven by indigenous demand. While the introduction of Kings Hill and Crossways schemes has provided greater scope for larger, regional occupiers to enter the market the majority of established market centres within the South East lack the capacity and investment potential for significant new developments. Overall the improved infrastructure in Kent will have a positive impact upon many of the office centres within the region although it must be noted that the development at Ebbsfleet will be competing with larger centres around the M25 and further a field rather than the smaller, highly localised centres in Kent.

Summary

The key CTRL locations of Stratford, Kings Cross and Paddington offer town centre density, infrastructure and services with a significant discount to Central London rents, and with the same excellent access to the centre, thus will directly compete with Ebbsfleet. The timing of developments are also similar: King’s Cross and Stratford will be able to start, subject to planning permission, as soon as the CTRL works are completed in 2007. Both are developments expected to be undertaken in stages, with several decades to full completion, similar to Ebbsfleet.

The Docklands locations offer a slightly different combination of qualities. On the Isle of Dogs there is significant capacity in and around Canary Wharf for major high-density schemes. These are at different stages of development, however most will be able to offer a variety of what will most likely be pre-letting opportunities in the years ahead, in an area which is now an established financial centre, and an integral part of Central London, albeit set physically apart. Again much of this occupier demand will be from occupiers that require proximity to their other core elements in the City and as such neither Stratford nor Ebbsfleet are likely to be able to directly compete.

However the centres reviewed are considerably different in terms of environment and location. Certain businesses consider a Central London location paramount, and for such occupiers, Kings Cross or Paddington are likely to be given priority. However, given the changing needs of businesses and demand for office space, the quality of environment and the accommodation are becoming increasingly important, locations outside of Central London must be considered.

Compared to the other centres within the M25 market such as Croydon, Chiswick and Reading the proposed development at Ebbsfleet appears very competitive across a number of variables. Although the transport element is key, the site is also able to offer state of the art IT infrastructure in new buildings to satisfy occupiers' needs at very competitive rental levels. Ebbsfleet Valley will also be well placed to develop into one of the few key urban locations within the M25. Furthermore the extensive residential offering, with state of the art technology situated next to the greenery of Kent should also prove favourable with employees. Of the existing competing locations very few can compete on such terms, while the scheme at Stratford is unlikely to offer the same level of potential for both occupiers and employees.

7.0 Key factors for Ebbsfleet

While there is clearly significant potential in the South East region for an expansive office development such as Ebbsfleet demonstrated by the economic and employment forecasts, it is crucial that the final product delivered is capable of attracting occupiers from a regional, national and potentially international level. It should also be noted that the development should form part of a sustainable community, in line with the aims of the London Plan. Given the projected timing for office and residential developments to be completed in tandem this goal should be achieved and will ensure the long-term prosperity of the area.

The combination of the residential and commercial property is important and this section of the report outlines the key criteria which, in our experience, a market leading modern office centre must meet if it is to prove successful. Good accessibility by both public transport and good road networks coupled with flexible buildings with the opportunity for expansion space remain key attributes to any new planned development.

Beyond this, there are a number of significant issues which must be considered at the outset. These include creating a cohesive masterplan, which must incorporate good quality and well planned infrastructure and landscaping. It should also seek to take advantage of public transport links, ideally via the rail network, not only in order to meet Government and regional sustainability objectives and reduce car-borne traffic, but also to ensure that the office centre is accessible to as wide a labour pool as possible.

The transport infrastructure in Kent Thameside is already being developed and along with the new domestic and international rail links there is already the Fastrack services which will ultimately link each of the key centres across the region. Landscaping should also be incorporated into the masterplan at the inception stage, along with resilient and market leading telecommunication links to ensure secure networking at all times is available to the development.

The following table illustrates the impact the new train link will have on journey times within the South East. From the timetable it is clear that several centres within Kent will benefit from the new train line including Ebbsfleet, Ashford, Canterbury, Folkestone and Thanet.

Station	**New time with CTRL (mins)***	**Current time (mins)**
Ebbsfleet	15	n/a
Gravesend	23	42
Chatham	39	46
Gillingham	43	50
Sittingbourne	57	64
Faversham	65	72
Ashford	40	75
Canterbury	63	90
Folkestone	57	94
Ramsgate	85	110

*Source: SRA (*New times estimates are conservative).*

While the timetable has yet to be confirmed, working from London, the Strategic Rail Authority (SRA) has recommended, 4 trains per hour at Ebbsfleet, 2 per hour to Medway (and Swale) and 2 per hour to Ashford at peak times. The trains are then to divide providing 2 per hour to Thanet and 2 per hour to Folkestone. It should also be noted that these services will not use Eurostar trains, although special new trains will run on the same track as Eurostar (in so far as they run Ebbsfleet to Ashford to Folkestone) and on improved track elsewhere.

While these journey times place Ebbsfleet in the context of other locations in Kent it is also important to appreciate how the new rail link will impact upon the centre compared to other key M25 locations. Many of the existing key centres within the M25 have strong transport links based around either major road or rail networks offering access to the Centre of London. However very few of the competing centres have the advantage of offering both strong private and public access as Ebbsfleet does.

While the journey time from the station is significant another important factor in the success of the Ebbsfleet office development will be the introduction of the new station. From the outset it will be critical for the new station to be recognised by occupiers and workers as an important, accessible communications node. The successful emergence of Ebbsfleet as a new key centre will involve considerable marketing and branding. There has already been a considerable amount of research into “place-making” for the new station using old historic linkages such as markets and transport networks combined with the modernised infrastructure and new market centre. The site has the potential to become one of England’s Gateways with access to the heart of the City of London and Northern Europe. Furthermore there are positive implications for Ebbsfleet as an international centre following a recent market survey commissioned by Eurostar. The survey concluded that the catchment area of Ebbsfleet compared very favourably to that at Waterloo.

The mix and diversity of uses is crucial to the success of a modern office centre, with residential and retail/leisure facilities and possibly other uses working in tandem with the traditional office use to create to a vibrant and sustainable environment.

The design of the buildings themselves should aim for good quality, impressive architecture to create memorable landmark premises and attract top occupiers. That said, it should also strive for flexibility and smart environmental sustainability in terms of building design to ensure the provision of a range of building sizes, in addition to creating large buildings which are easily divisible. Occupiers are increasingly keen to acquire smaller sub-sections, often just one or one-and-a-half floors, within a large building. This is seen as having a very positive impact on client perceptions of a firm (for example, when arriving to an impressive entrance) while also releasing the management issue which an occupier incurs when taking up an entire building. Flexibility in terms of future expansion should also be considered, in light of evolving occupier requirements. There are also the benefits for a business located in “green” premises in terms of Corporate Social Responsibility as well as cost efficiency.

There should also be flexibility in terms of the range of uses included in the original planning of the development. Potential uses which are increasingly being seen in key modern office centres include residential, leisure, restaurants, cafés, childcare provision, health clubs, running and cycle tracks and medical facilities which assist in the retention of staff, an increasingly significant issue facing occupiers. Where possible, it is beneficial to encourage the nearby development of a good quality hotel and conference facilities concurrently with the office development.

An increasingly important factor for occupiers to consider is the availability of state of the art technology. The past decade has witnessed a revolution in the way in which offices are occupied, bringing with it expanding possibilities for mobile and flexible working patterns. The Ebbsfleet development will be able to offer state of the art technology to occupiers given its location along part of the national fibre optic grid. While this state of the art technology is available in other centres within the UK, an important factor to consider at Ebbsfleet Valley is that the fibre-optic links will also be available in the new homes. Hence those firms with flexible working patterns will also benefit from locating in the area.

However, the attractiveness of Ebbsfleet to potential occupiers will depend critically on the completion of the Channel Tunnel link and the establishment of commuter services. This is one of the location’s greatest attributes. Without the access to and from Central London it would be one competitor among many for occupiers in the South East, dependent on a local market which has had a relatively small capacity for absorption of newly developed space to date.

Encouragingly the initial stages of the infrastructure improvements have already been completed. Ebbsfleet’s connection to the North Kent line, and the latter’s improvement, plus the Fastrack people mover between the station and Dartford, as well as other destinations, are all important elements of the projects overall comprehensive infrastructure plans.

It is important to understand the importance of the new high speed line and station at Ebbsfleet compared to both other new Channel Tunnel links and other competing markets around the M25. The real value of the high speed line is the combination of a number of factors: fast top speeds with fewer station stops, less congestion on lines and more direct train routing to considerably cut journey times between large urban centres. At present, with the exception of the Channel Tunnel Rail Link, there are no true high-speed rail lines in the UK comparable to Continental and Japanese example.

Studies in both these countries have revealed that the high-speed lines have increased accessibility to central employment and that stations also attract local employment centres. However there have been exceptions. In Lille for example the city’s economic status has not matched its image transformation. Office space uptake and inward investment targets have not been realised. It would appear that despite the change of image of the city it has become a transit hub rather than an economic and cultural hub. The lack of inward investment is a key factor.

It is also important to note that although Ashford has benefited from the direct Channel Tunnel link with the continent, this has not led to significant uplifts in terms of demand or indeed commercial property values. This is partly due to the missing “link” – the completion of a rapid service into London, which is important to the occupier in terms of ease of access to clients as well as suitably qualified staff. Furthermore Ashford lacks other major factors that could lead to a successful business development location such as the availability of skilled labour, access to markets, and sufficient new business accommodation. The implication for Ebbsfleet is that the key date is the introduction of a rapid service to London in 2009, not necessarily the completion of the Channel Tunnel link in 2007. The importance of attracting inward investment will also be crucial.

It is clear that high-speed rail in Japan and France has contributed to economic development within the regions through its slashing of journey times between the capital and the provincial regional centres. Along high-speed routes economic growth has been especially impressive where the public and private sector have utilised the high-speed link to develop new opportunities for the local area. These opportunities include proactive regional firms seeking wider markets, private developers attracting highly skilled workforces through the provision of housing and the public sector providing high quality educational facilities. Taken together these positives can help re-brand an entire area.

The evidence from comparable locations shows that, in theory at least, such significant improvements to infrastructure can lead to considerable uplifts both in demand and value. However, it is also important to note that other conditions have to be present for the benefits to materialise over the sort of timescale envisaged at Ebbsfleet.

8.0 Conclusion

Overall it is clear that Ebbsfleet and the Eastern Quarry, combined to form Ebbsfleet Valley, is one of the most significant proposed mixed-use schemes within the Thames Gateway. The development includes a considerable amount of residential and commercial accommodation, the combination and size of which help set Ebbsfleet apart from many other areas within the Gateway, the UK and on a European scale.

Based on independent employment forecasts from Experian Business Strategies the new office development could lead to an additional 16,066 jobs being created in the area by 2020. Note this figure is based on full time equivalent employment (FTE). Forecasts from Experan Business Strategies suggest that, even taking into account any displacement, the scheme will create over 10,000 new office jobs within the Business Services Sector alone by 2020. It should also be added that while independent economic forecasts suggest strong employment growth within the area, as the development evolves the potential for further employment growth beyond 2020 is also considerable.

The development should prove attractive to prospective tenants who are seeking to adopt a “core and periphery” strategy by providing predominantly large floor plates on flexible leasing terms to reflect the changing requirements of modern occupiers. Ebbsfleet is also well placed to attract occupiers concerned over a possible “talent war” for staff.

Also given the timing of the scheme many of the new buildings will be “green” offering occupiers and employees a sustainable, cost-efficient environment while conforming to current trends in Corporate Social Responsibility (CSR). Furthermore given the emergence of more companies embracing a flexible working policy, potential occupiers and employees will benefit from state of the art fibre optic cabling in the home as well as in the office.

Reviewing the current active demand profile in the M25 market it is clear that there are businesses with considerable requirements within the market totalling 7m sq ft. The three leading sectors currently actively seeking space in the M25 are Professional Services, IT and Banking & Finance. Ebbsfleet has the potential to develop into the administrative and business capital of the Thames Gateway.

The introduction of the domestic train service from the new train station will be a major factor in the progress of the development. Domestic services are scheduled to start running from the new station in late 2009. In addition there are also positive implications for Ebbsfleet as an international centre, which has been confirmed in a recent market survey commissioned by Eurostar. The survey concluded that the catchment area of Ebbsfleet compared very favourably to that at Waterloo.

Compared to the other centres within the M25 market such as Croydon, Chiswick and Reading the proposed development at Ebbsfleet Valley appears very competitive across a number of variables. Although the transport element is key, the site is also able to offer state of the art IT infrastructure in new buildings to satisfy occupiers’ needs at very competitive rental levels. Furthermore the extensive residential offering, with state of the art technology situated next to the greenery of Kent should also prove favourable with employees. Of the existing competing locations very few can compete on such terms, while the scheme at Stratford is unlikely to offer the same level of potential for both occupiers and employees.

Ebbsfleet is well placed to emerge as a leading South East office centre following the introduction of the new domestic train service. The development should attract occupiers with new, large, “green” buildings on flexible leases offering state of the art technology with access to a highly skilled labour force. The independent forecasts reflect this with the creation of 16,066 new jobs in the area as a result of the development.

Appendix 1 Experian Business Strategies Employment Definitions

Experian Business Strategies Full Employment Definitions

30 Sectors	Constituent SIC Divisions (58)
Agriculture, Forestry & Fishing	Agriculture, Hunting & Related Service Activities Forestry, Logging & Related Service Activities Fishing
Other Mining	Mining of Coal & Lignite; Extraction of Peat Mining of Uranium & Thorium Ores Mining of Metal Ores Other Mining & Quarrying
Oil & Gas Extraction	Extraction of Crude Petrolium & Natural Gas; Service Activities Incidental to Oil & Gas Extract.
Food, Drink & Tobacco	Manufacture of Food Products & Beverages Manufacture of Tobacco Products
Textiles & Clothing	Manufacture of Textiles Manufacture of Wearing Apparel; Dressing and Dyeing of Fur Tanning and Dressing of Leather and Leather; manufacture of luggage, handbags, sadlery, harness and footwear
Wood & Wood Products	Manufacture of Wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting
Paper, Printing & Publishing	Manufacture of Pulp, Paper and Paper Products Publishing, Printing and Reproduction of Recorded Media
Fuel Refining	Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel
Chemicals	Manufacture of Chemicals and Chemical Products
Rubber & Plastics	Manufacture of Rubber and Plastic Products
Minerals	Manufacture of Other Non-Metallic Mineral Products
Metals	Manufacture of Basic Metals Manufacture of Fabricated Metal Products, Except Machinery and Equipment
Machinery & Equipment	Manufacture of Machinery and Equipment Not Elsewhere Specified
Electrical & Optical Equipment	Manufacture of Office Machinery and Computers Manufacture of Electrical Machinery and Apparatus Not Elsewhere Classified

	Manufacture of Radio, Television and Communication Equipment and Apparatus Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks
Transport Equipment	Manufacture of Motor Vehicles, Trailers and Semi-Trailers Manufacture of Other Transport Equipment
Other Manufacturing	Manufacture of Furniture; Manufacturing Not Elsewhere Classified Recycling
Gas, Electricity & Water	Electricity, Gas, Steam and Hot Water Supply Collection, Purification and Distribution of Water
Construction	Construction
Wholesaling	Sale, Maintenance and Repair of Motor Vehicles and Motorcycles; Retail Sale of Automotive Fuel Wholesale Trade and Commission Trade, Except Motor Vehicles and Motorcycles
Retailing	Retail Trade, Except of Motor Vehicles and Motorcycles; Repair of Personal and Household Goods
Hotels & Catering	Hotels and Restaurants
Transport	Land Transport; Transport Via Pipelines Water Transport Air Transport Supporting and Auxiliary Transport; Activities of Travel Agents
Communications	Post and Telecommunications
Banking & Insurance	Financial Intermediation, Except Insurance and Pension Funding Insurance and Pension Funding, Except Compulsory Social Security Activities Auxiliary to Financial Intermediation
Other Financial & Business Services	Real Estate Activities Renting of Machinery and Equipment Without Operator and of Personal and Household Goods Research and Development
Business Services	Other Business Activities Computer and Related Activities
Public Admin. & Defence	Public Administration and Defence; Compulsory Social Security
Education	Education
Health	Health and Social Work
Other (mainly public) Services	Sewage and Refuse Disposal, Sanitation and Similar Activities Activities of Membership Organisations Not Elsewhere Classified Recreational, Cultural and Sporting Activities Other Service Activities