SLAE Written Representation Submission for Deadline 6.

Bartlett Square development.

SLAE Comment. The recent article in the Financial Times https://www.ft.com/content/698f41af-0d88-424b-80b0-241be01dac35 (accessed 15/11/23) titled, 'Office space vacancies in US and London reach at least 20-year highs', reflects that occupiers have been cutting their space requirements drastically. The workforce has embraced remote working whether on the west coast or in the west end. London's lengthy, costly commutes mean "hybrid" working has proved more enduring after the enforced restrictions of the pandemic than in other European markets. The full article found in Appendix A.

With office vacancies impacting international locations, SLAE looked at how this could impact the DCO and related airport developments. Section 4 of ***TR020001-001114-7.01-Planning-Statement-Revision-1*** covers the Enterprise Zone, which SLAE understands no longer exists as a zone.

Given the above SLAE now question the feasibility of the amount of office space at Green Horizons Park or Bartlett Square required. The office space could be combined and adds weight to a review into the viability of the Airport Access Road project to be reviewed by LBC / LR. Is there an alternative plan if the road is no longer feasible, or if it's delayed?

Luton Rising 002344-7.01 Planning statement
4.8 Enterprise Zone
4.8.1 The Applicant has plans to develop a combined office and hotel development, and a business park within Luton Airport Enterprise Zone (designated in 2015 until 2041). These developments, known respectively as Bartlett Square and Green Horizons Park, seek to provide employment generation for the local community. Together they constitute approximately 900,000 square feet of commercial space sited within the Enterprise Zone. The two schemes are described further in the following sections.
Bartlett Square
4.8.2 Bartlett Square, formerly known as Stirling Place, is located to the east of the Luton Airport Parkway railway station, adjacent to the Luton DART terminal which is under construction. A planning application for a hotel with a capacity for 172 rooms, incorporating Hart House, one six storey office building, and a multistorey car park, with an outline application for another nine-storey office building with commercial space was submitted by the Applicant in February 2018 (LBC ref: 18/00271/EIA). LBC granted planning permission for Bartlett Square in January 2020.

SLAE Comment. SLAE recognise the opportunity now offered to LR and LBC to re-plan Green Horizons Park (GHP), Terminal two and associated airport infrastructure, and save on the cost of building the Airport Access Road. With a reduced GHP footprint and that a six and nine storey office block at Bartlett Square might be overkill, they could now combine all the office functions within the Barlett Square development. Replace the Airport Access Road with Terminal Two, associated airport infrastructure and non-office elements of GHP. It would also give them the land for additional car parking and avoid building over the current Wigmore Valley Park and enable LR to expand the park as per the current plans and fulfil their green pledges.

Although Luton Rising claim there is no direct link between Bartlett Square (LBC ref: 18/00271/EIA) and the Proposed Development, SLAE have found no references to a review of the office space as a result of homeworking and reduced office requirements. As seen by the reduction of the Green

Horizons Park (GHP) footprint size, it could now be assumed that the Barlett Square office buildings could accommodate the planned GHP office allocation.

SLAE also note that the 23/00259/DOC phase 1 planning application will bring amendments to 18/00271/EIA as the DART terminal now occupies land that was designated as offices in the original planning permission.

To evidence a move to home working, SLAE researched the LBC planning portal which reveals that over the past year (November 2022 to November 2023) 10 planning applications were registered for home offices. Before Covid (November 2019 to November 2020) the same planning portal revealed only 2 applications. Data taken excludes duplicate applications, refused and withdrawn permissions.

For each office worker that travels to the office by their private vehicle, that saves space on the roads, a parking space, onsite facilities, utilities, waste, water, and technology.

Home based workers may not have an impact on employment numbers, except in support services that support office working, such as canteens, cleaning, building maintenance etc. Associated economics could also be impacted, if staff are working remotely and not on site. Remote home workers may impact the local employment aims that LR, LBC & LLAOL hope to achieve.

SLAE ask if a data exercise has been carried out to find out how many office-based staff working on the DCO application (LR, LBC & LLAOL) work remotely? How many office-based staff working in head office functions of aviation-related companies, or in airport operations activities (both head office and satellite office) based within the future expansion footprint currently work remotely?

SLAE note that the 23/00259/DOC phase 1 planning application will bring amendments to 18/00271/EIA as the DART terminal now occupies land that was designated as offices in the original planning permission.

References:

TR020001-000802-5.04 Environmental Statement Non-technical Summary, TR020001-001114-7.01-Planning-Statement-Revision-1, TR020001-001117-7.04-Need-Case-Revision-1 & TR020001-002329-5.01 Environmental Statement Chapter 4 The Proposed Development (Tracked Change Version)

Green Horizons:

TR020001-000748-5.02 Environmental Statement Appendix 17.1 Preliminary Risk Assessment of Land Contamination Part A, TR020001-001535-London Luton Airport Limited - Submission of information requested in Annex F of the Rule 6 letter 1 and TR020001-001536-London Luton Airport Limited - Submission of information requested in Annex F of the Rule 6 letter 2

Transport

TR020001-000816-7.02 Transport Assessment - Part 1 of 4 (Chapters 1-4) and TR020001-000844-7.12 Surface Access Strategy

GCG

TR020001-002339-7.07 Green Controlled Growth Explanatory Note

Employment

TR020001-000715-5.02 Environmental Statement Appendix 11.1 Oxford Economics The Economic Impact of London Luton Airport (2022), TR020001-000829-7.04 Need Case Appendices, TR020001-

000941-5.01-Environmental-Statement-Chapter-18-Traffic-and-Transportation-Revision-1, TR020001-002282-Luton Borough Council - Genecon Economic Impact Assessment - Independent Review - 29.9.23-23074-2 andTR020001-000666-5.01 Environmental Statement Chapter 11 Economics and Employment

Cover letters

TR020001-002315-Cover Letter

Appendix A

The London office market is becoming harder work

Landlords are managing to extract a price for increased flexibility and services

It wasn't really surprising that Meta, the tech giant formerly known as Facebook, decided to break its lease on one of two buildings it had taken at British Land's development in London's west end.

Big Tech's aggressive hiring and expansion plans have slammed into reverse. Its workforce has embraced remote working whether on the west coast or in the west end. London's lengthy, costly commutes mean "hybrid" working has proved more enduring after the enforced restrictions of the pandemic than in other European markets.

What was interesting was that a company founded only in 2004 had signed up to a 20-year lease with no break clauses – a contract it paid the equivalent of about seven years of rent to exit. That type of long-term, rigid lease is starting to feel like a relic from another era.

There have been regular predictions of doom for offices ever since the pandemic proved that not everyone needed one, and certainly not all of the time. Jefferies last week noted that London vacancies are at a 30-year high, putting pressure on rents. Occupiers have been cutting their space requirements drastically, demanding better amenities and more flexibility.

"Covid put the desire for flexibility on steroids," said Marie Dormeuil, from industry-analytics specialist Green Street. "Offices were such a sleepy sector. It's becoming much more operationally intensive."

This is least the case in the top tier of the market, where blue-chip names take large amounts of space in expensive "greenium" buildings with the best sustainability credentials. Scarcity of buildings that tick the right environmental boxes means landlords still hold sway; companies spending to fit out their own headquarters also want certainty of tenure.

But even so, 15 years is the new 20. Clifford Chance's 30,000sq m (320,000sq ft) letting for its new City HQ was a 20-year lease with a 15-year break but also included a near-term option to hand back space, and two further break options on certain floors during the lease.

Outside that rarefied category, the market is in flux. London was always unusual in its landlord-friendly leases: the city's average lease length for prime space is 10 years, compared with six in Paris, five in Berlin and three in Madrid, according to Savills. For the market as a whole, lease lengths have dropped sharply in recent years.

In part this is down to the rise of flexible office space, such as co-working and serviced offices, which (thanks to the unyielding traditional structure of the market) have taken a bigger share of London's office market than in other European cities. Increasingly, though, the mid market is demanding more from landlords as well. British Land has Storey, its fully managed office brand, while Land Securities plans to triple the size of its flexible offering Myo this year.

Great Portland Estates wants at least a quarter of its portfolio to be flexible, with smaller offices let on shorter leases of perhaps three to seven years with fit-out and a full range of building services generally provided by the landlord. "The real-estate industry is beginning to offer up some of the benefits of outsourcing and technology to make customers' lives easier," said GPE boss Toby Courtauld.

This, frankly, makes for harder work and higher cost for a sector that could previously largely ignore tenants once they'd signed on the dotted line. Office valuations and financing, which have always been underpinned by long, predictable leases, must adjust for greater risk. But the sector has so far managed to extract a price for increased flexibility and services, helping to support market rents overall.

This demand for flexibility could start to seep into the prime part of the market, with blue-chip occupiers choosing to supplement core space with flexible alternatives. Occupiers are less willing to pay for "just-in-case" space, especially having been lumbered with excess in the past. Landlords report interest from existing, traditional occupiers for overspill or occasional space in flexible offices designed with smaller companies in mind.

In the post-pandemic world, it isn't just office workers who want a hybrid approach.