

London needs open workspaces for creativity and growth

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This week, permitted development rights (PDR) – which allow the fast-tracked conversion of office space to residential use – will come permanently into force, having been temporarily in place since 2013. In areas of London with excess office space and a limited supply of housing, this will help policymakers meet the enormous challenge of supplying enough homes, alongside efforts to enrich the city's economy and labour market. Yet the changes, while helping one goal, may diminish the other, explains [Carys Roberts](#).



Open workspaces have grown in the last five years as a solution to the problem of workplace costs spiralling higher than smaller tenants can afford. They include artists' studios, makerspaces, incubators, accelerators and co-working spaces. London [was recently reconfirmed](#) as the most expensive city in the world to live and work; the combined cost of living and working space has overtaken New York and Tokyo, and is 70 per cent higher than start-up capital San Francisco. In this very challenging environment, open workspaces enable businesses and professionals to reduce upfront or ongoing costs by sharing space, facilities or specialist equipment.



Open workspaces benefit their tenants by helping them through the challenging early days of running a business as well as periods of expansion, with flexible terms, low upfront requirements and often subsidised rent. But they also serve the wider economy and communities of London. Digital technology businesses and the creative industries, which are the main users of open workspaces, offer high economic growth and are a competitive advantage for London; the city's creative sector is [25 per cent more productive](#) than the average across industries. With workspace costs as high as they are, open workspaces can help prevent London becoming a victim of its own success and losing creative and entrepreneurial talent, as well as small businesses.

In 2014 London had 434 of these spaces, but that figure has since grown, in response to changes in London's economy and in how we work – such as the growth of the tech sector and the rise in self-employment to 18 per cent in London. Many open workspaces, like Camden Collective's [Temperance Hospital](#) which offers free space alongside business training, support people who couldn't otherwise start a business to succeed and grow their enterprises. Others, like [Bootstrap's Print House](#) in Dalston, house innovative social impact organisations alongside businesses and creatives. And by bringing life and dynamic economic activity to difficult-to-let ground-floor sites and vacant 'meanwhile' properties, open workspaces often help regenerate areas. [Pop Brixton](#), for example, is using a vacant public asset to offer retail space to local microbusinesses and start-ups.

Despite these successes in supporting London's small businesses, start-ups and creative economy, open workspaces face a range of pressures that may prevent them from doing so in the future. Not least of these are permitted development rights, which are now permanent in most boroughs and from which the capital's Central Activities Zone (London's core economic area defined in the London Plan and in which a third of London's jobs are based) is only exempt until 2019. The core policy problem is the need to hugely increase London's housing supply, which – as we at IPPR have [strongly argued](#) – ought to be a critical priority for London's authorities in the coming years. But housebuilding needs to be accompanied by opportunities to work, which PDR may erode. PDR has already resulted in permission for the rapid conversion (and loss) of 1.3 million square metres of office space according to the GLA.

Striving to meet housing demand while supporting a strong, diverse labour market can be done. But it does call for smart, strategic planning by the Mayor and boroughs, especially in the context of nationally determined policies such as PDR. The two frontrunners in the mayoral contest, Zac Goldsmith and Sadiq Khan, have committed to protecting workspace for small businesses, and have [visited makerspaces](#) and co-working spaces on the campaign trail. Policies such as making affordable workspace a requirement of new and public developments are on the table, but the new mayor will need to be clearer on their plan for hugely increasing London's housing supply while nevertheless protecting the most economically and socially valuable open workspaces for London.

Our [current research](#) is examining this issue, and this summer we will make recommendations on how the next mayor can protect London's most valuable open workspaces as well as build more houses.

If you work in an open workspace in London, you can contribute to IPPR's research by [telling us](#) how you use the space and about your experience. The survey will be open until Friday 8th April.

About the Author

[Carys Roberts](#) is a Research Fellow at IPPR. She holds an MSc in social policy (research) from LSE, as well as a BA in philosophy, politics and economics from the University of Oxford.



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