

Local Economic Assessment

Westminster City Council
Local Economic Assessment
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Purpose of the Local Economic Assessment

The importance of understanding the dynamics of Westminster's economy cannot be understated, both to fully comprehend its national and global importance, and also at a local authority level in terms of understanding trends for spatial planning and other service planning. The Council originally published the Local Economic Assessment (LEA) in 2011, following government guidance (since deleted) that set out a requirement for local authorities to undertake a LEA. Since being published, the original version of the LEA has proved to be an invaluable day to day resource and evidence base that has underpinned several key planning documents including the City Plan – Strategic Policies document (adopted November 2013) and the Council's Economic Development Strategy.

The LEA is different to the Annual Monitoring Report (AMR) produced by the Council, which focuses purely on planning and development over the 12 month period covered by each AMR, based mostly on the Council's own survey and planning applications data.

The LEA is a comprehensive analysis of all aspects of Westminster's economy, focusing not just on the active businesses themselves but also on the wider picture in terms of an analysis of the resident and worker population of Westminster and the physical environment and property markets, to provide a full social, economic and environmental assessment of Westminster. A summary and SWOT analysis is carried out for each section and a number of key performance indicators are identified to be monitored on a frequent basis.

Structure of the LEA

The first chapter is a quantitative analysis of Westminster's economy, looking at the number of businesses and jobs over time, their geographical location in Westminster, and how this compares to other London boroughs. Business characteristics are also examined such as the size of businesses, survival rates (business demographics) and other measures. Individual parts of the economy are then focused on, in terms of economic sectors that are either unique or particularly important to Westminster. The total monetary value of Westminster's economy is also analyzed in terms of Gross Value Added (GVA), Business Rates generated and other measures.

The second chapter analyses Westminster's population and workforce, in terms of a demographic profile, employment rates, migration, growth projections, deprivation, skills and qualifications and other measures that inform the economic health and nature of the working population, in addition to strengths, weaknesses, opportunities and threats.

The final chapter analyses trends in Westminster's land and property markets, looking at rents, vacancy rates and other information and measures for commercial property, while providing an analysis of the residential property market and current housing stock, as a reflection of the health of different parts of the economy and different uses. Current and future development is also summarised.

Statutory Duty to produce a LEA

In September 2010, a letter from Communities and Local Government to local authorities clarified the Coalition Government's approach to Economic Assessments: The duty for local authorities to produce a local economic assessment remains in place but the statutory guidance has been removed, allowing local authorities to determine the breadth and scope of their assessments based on their local needs. The LEA is not an annually produced document.

1 - Westminster's Economy

Key Statistics

- 49,500 businesses.
- 692,000 jobs.
- GVA generation of £48.5 billion (2014 projected)
- Most enterprises and employees of any London borough.
- 1200 More business births than deaths in 2012.
- 13% projected employee growth between 2011 and 2036.
- Nearly two thirds of employees located in two wards.

Chapter 1 Summary

Westminster is a national and global centre of employment and industry, containing more enterprises and employees than any other London borough by some distance. This is also reflected in the GVA generated by Westminster, and by the business rates generated by Westminster enterprises.

Employee growth is projected to be considerable over the next twenty years at rates similar to London and national averages, with associated rises in GVA expected over the same time period.

In conjunction with the size of Westminster's economy, one of its key features is its diversity in terms of industrial sectors and the range of occupations on offer to employees. The largest employment sector is business services and financial intermediation, which have been the main drivers of the economy in recent times, and are expected to be so for the next twenty years.

Beyond the services, Westminster is the centre of national government, which is reflected in the number of public sector employees in the city. Tourism and entertainment related industries are also significant employers and drivers of the economy, as is the world renowned retail sector in the West End.

The West End in itself is a global brand for retail and entertainment, attracting millions of visitors each year, while generating significant amounts of money and providing a range of employment opportunities. Further key sectors of interest include creative industries and the knowledge economy, where Westminster is a world leader.

A further indicator of diversity is in the size of businesses, as Westminster contains both large multinational corporations and small businesses. This is reflected in the office floor space available which is flexible and responsive to need in different parts of the city.

Business and employees are overwhelmingly concentrated in the central areas of Westminster, especially in the two large wards of St James and West End, which also contains the seat of the monarchy and central government, and numerous tourist attractions, landmarks and public spaces.

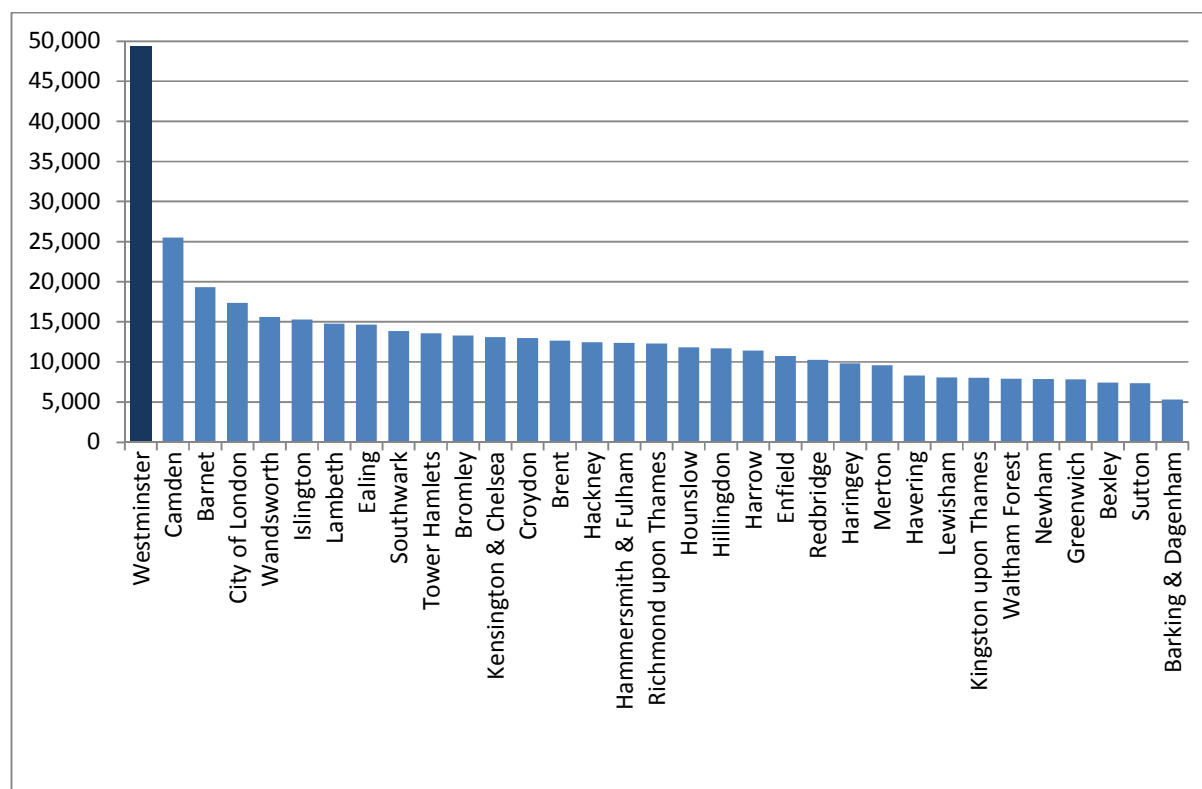
The North West of the borough is more residential in nature, but is an area of significant deprivation, and is therefore designated as an economic development area to address socio-economic issues affecting the area and its population.

Chapter 1: Businesses and Economy, SWOT Analysis

| | |
|--|---|
| <p>Strengths</p> <ul style="list-style-type: none"> ▪ Number of enterprises and employees. ▪ Benefits of agglomeration economies. ▪ Size of GVA generated. ▪ Diversity of economic sectors. ▪ Centre for growth industries such as TMT/creatives. ▪ Diversity of occupations on offer. ▪ Geographical Location. ▪ Physical Heritage, landmarks. ▪ Major tourism destination. ▪ Stability and resilience relative to other areas. ▪ Westminster 'brand' and reputation of area. ▪ Substantial knowledge economy, presence of world class universities. ▪ Focus of international investment. | <p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Over reliance on business services. ▪ Vulnerability of certain industries e.g. creative industries - vulnerable to rising rents etc. ▪ International competition for space, particularly in Retail. ▪ Threat to independent and smaller businesses from competition for space. ▪ Strength and size of the public sector in a time of cut backs. ▪ Lack of affordability and competition driving out independent businesses. ▪ Lack of space for start up businesses. ▪ Lack of industrial/workshop space. |
| <p>Opportunities</p> <ul style="list-style-type: none"> ▪ Major events, often focused on Westminster. ▪ Potential for increased business rates retention and redistribution. ▪ Migration cap gives potential for local residents to have more influence and opportunity in the labour market. ▪ Social investment opportunities from corporations. ▪ 24 hour tube. | <p>Threats</p> <ul style="list-style-type: none"> ▪ Migration cap: negative effect on skills and labour market. ▪ Student tuition fees. ▪ Terrorism threat. ▪ Focus of disorder and social unrest (student riots/protests). ▪ Business relocation (linked to government policy) e.g. loss of financial services to other European cities etc. ▪ Public Sector relocation & reduction. ▪ Informal economies e.g. in tourist related activities, restaurants etc. ▪ Liberalisation of the planning system. ▪ 24 hour tube. |

Enterprise Numbers by Borough

Figure 1 – Enterprise by London Borough (2013)

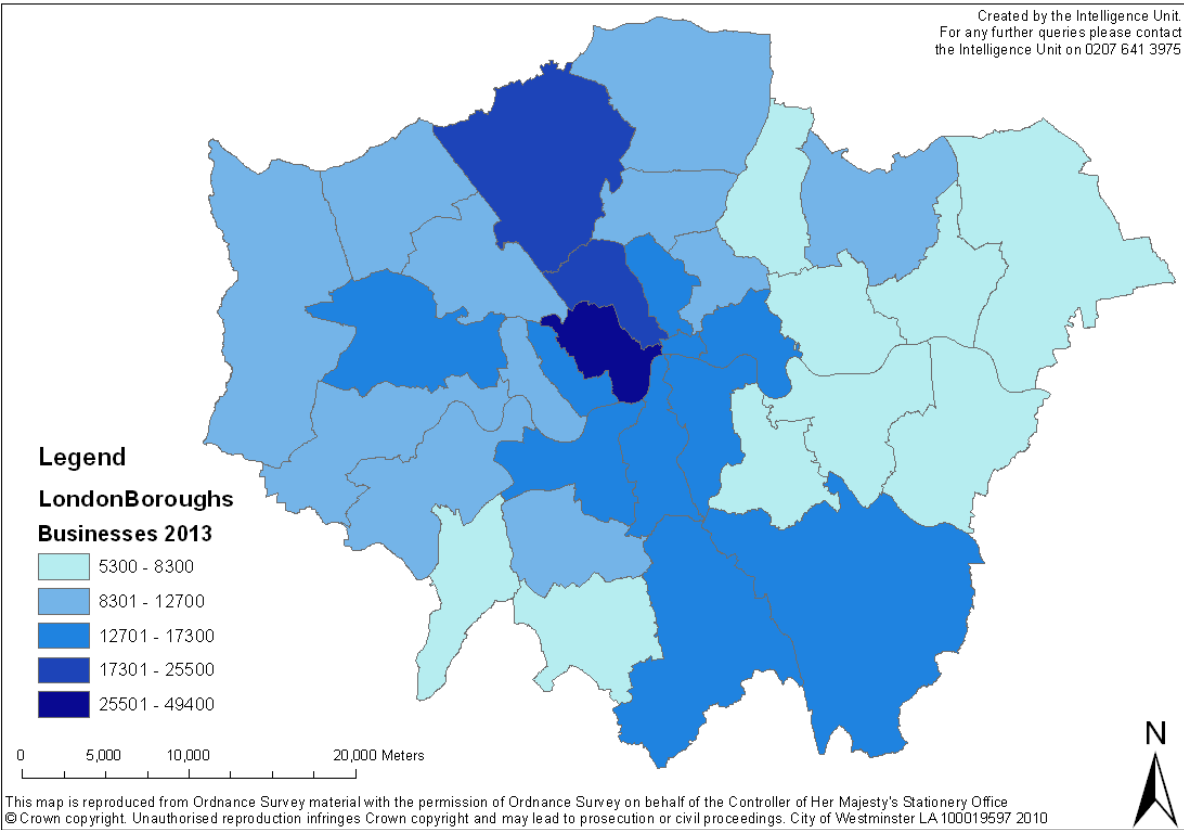


Source: UK Business Activity, Size and Location, 2013

Westminster has by far the largest number of enterprises out of any London borough, with 49,500 enterprises representing 11.3% of the London total of 432,000 enterprises (UK Business Activity, Size and Location, 2013). Westminster has nearly twice the number of enterprises compared to Camden, which is the next highest borough, and over three times the number contained in the City of London. Most boroughs have between 5,000 and 15,000 enterprises, showing the dominance of Westminster in terms of the concentration of enterprises.

The distribution map of enterprises across London (Map 1) shows a clear concentration of enterprises around the central boroughs and the central-north and west areas. The far south area around Croydon also contains a large number of enterprises. The smallest number contained in the East of London beyond Tower Hamlets, and generally in the outer London boroughs.

Figure 2 – Enterprises by London Borough

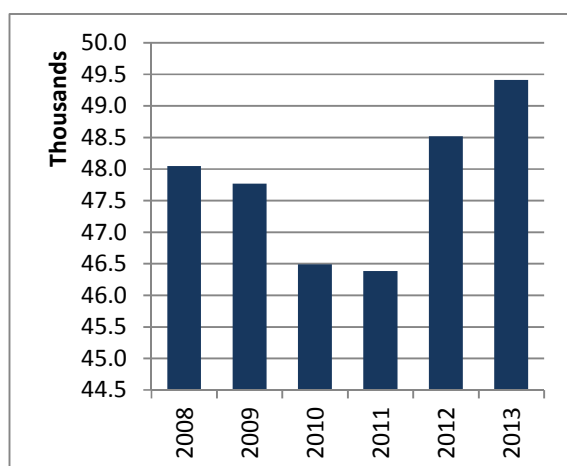


Source: UK Business Activity, Size and Location, 2013

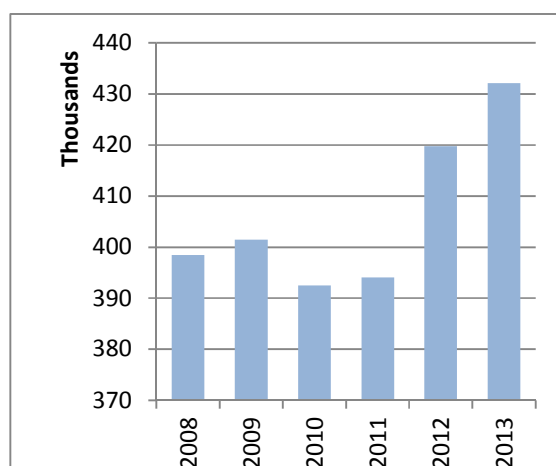
Enterprises over time: London and Westminster

Figure 3 - VAT registered Enterprises 2008-2013

Westminster



London



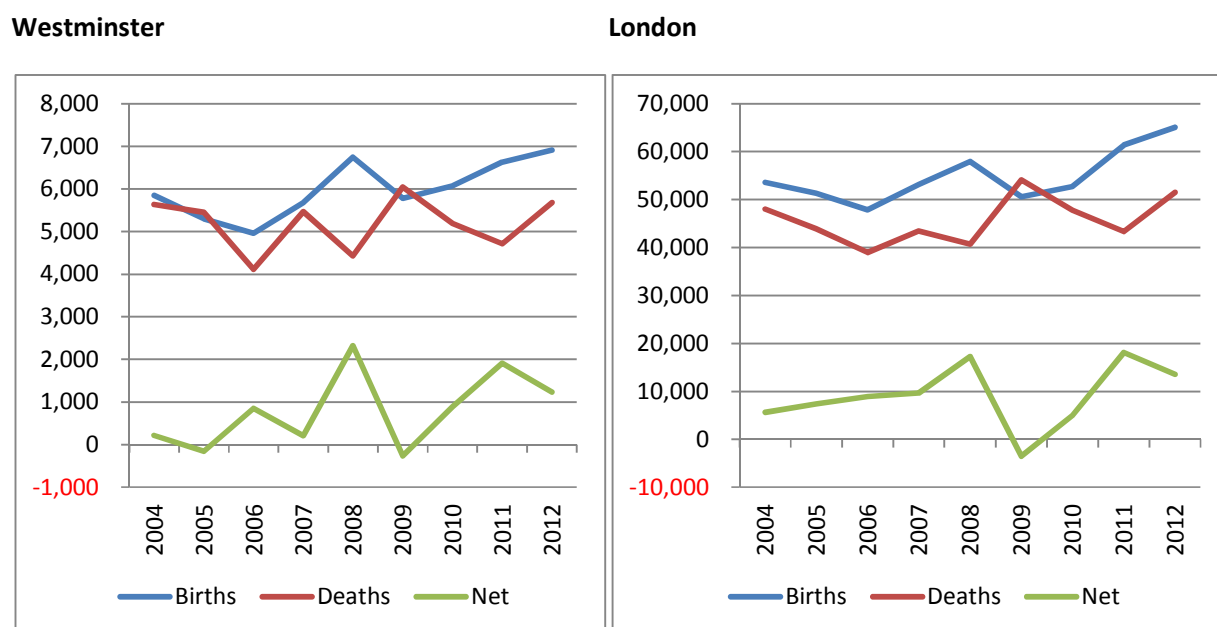
Source: UK Business Activity, Size and Location, 2013

VAT registered enterprise numbers in Westminster fell after 2008, and the effect of the recession is illustrated by the fairly substantial drop between 2009 and 2010, when over 1000 enterprises were lost (2.8%) (IDBR, 2000-2010). A similar picture occurred across London, where the overall number of enterprises fell by nearly 9,000 (2.2%) between 2009 and 2010, following a long period of growth from 2004 to 2009.

However, after 2011 enterprise numbers began to rise again with a sharp increase between 2011 and 2012. Westminster saw an increase of 4.6% (2,135 enterprises) and London an increase of 6.5% (25,680 enterprises). This has continued between 2012 and 2013 when nearly 1000 net additional businesses have been created in Westminster.

Enterprise Births and Deaths: London and Westminster

Figure 4 - Enterprise births and deaths trends



Source: Business Demography, 2012

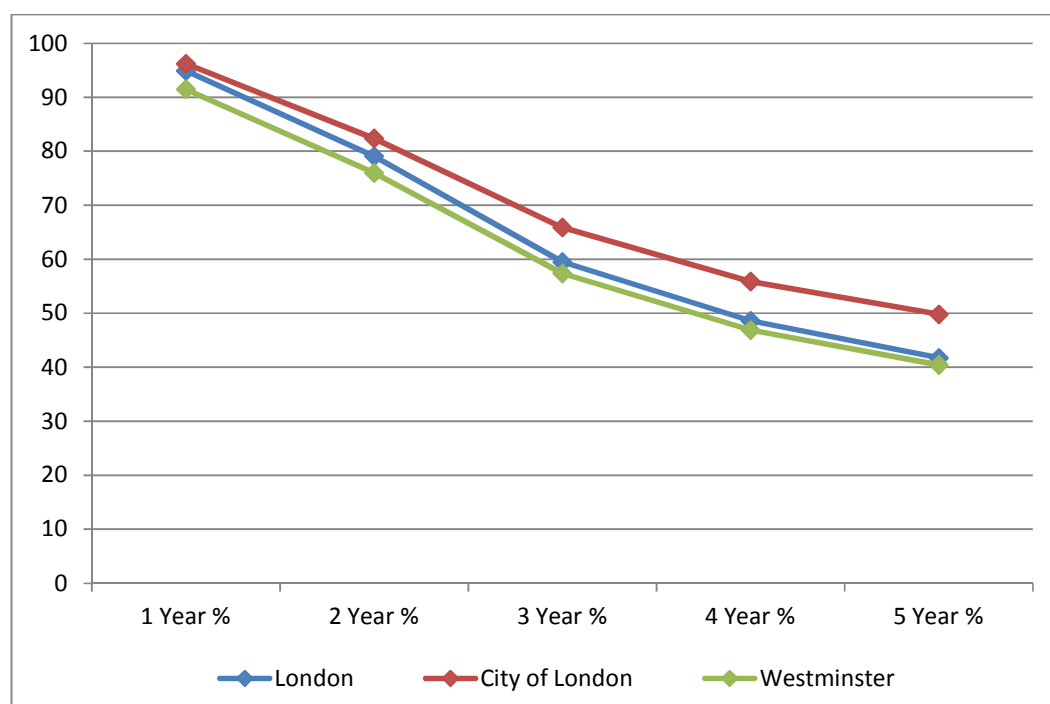
Since 2009 both Westminster and London have experienced a steady increase in enterprise births. The number of enterprise deaths decreased in Westminster between 2009 and 2011, however there has been a slight increase in the last couple of years. This follows the 2008 recession when enterprise births dropped dramatically, accompanied by a sharp increase in enterprise deaths.

NB: The data in figure 4 is taken from an ONS study on business demography which analyses fluctuations in the business population, including all businesses that had either turnover or employment during the reference period, based on data from the IDBR.

Enterprise Survival: London and Westminster

A longitudinal business demography study based on enterprises started up in 2007 shows that across London, 95% of these businesses survived for one year, compared to 92% in Westminster, and 96% in the City of London. Of these businesses, around 42% survived for at least 5 years across London, compared to 40% in Westminster, and 50% in the City of London, as shown in Figure 5.

Figure 5 – Business Survival rates, 2007 start ups survival over 5 years



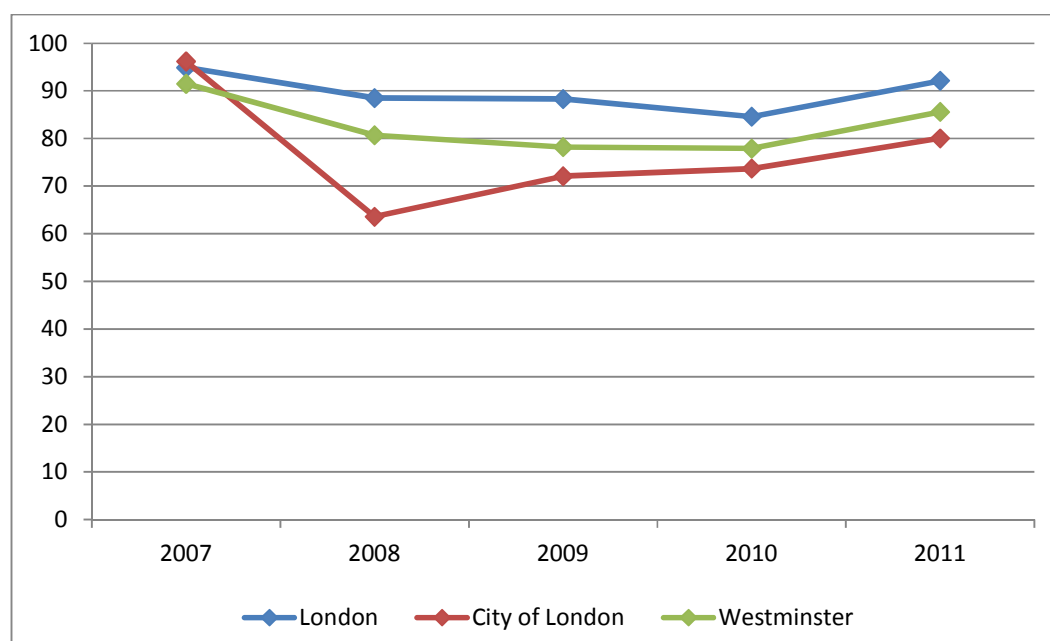
Source: Business Demography, 2012

However, the data above only considers the long term survival of businesses started up in 2007.

Looking at more recent data in figure 6, the short term (one year) survival rate of business start ups has improved in recent years. The effect of the recession is clearly shown in 2008, as the percentage of business start ups surviving at least one year of trading dropped dramatically between 2007 and 2008, following very high one year survival rates in 2007, which was 95% in Westminster.

However, the one year survival rate dropped substantially between 2007 and 2008 by over 10%, as the recession affected businesses started during this time (Figure 6). This means that 80% of business start ups in 2008 survived for at least one year, compared to the 2006 high of 96% in Westminster. However, Westminster start ups fared far better than the City of London in the same time period, where 97% of start ups in 2007 survived at least one year, compared to only 64% for 2008 start ups. The trend has improved in Westminster between 2010 and 2011, with 85% of businesses surviving their first year, compared to 80% in the City of London. The improvement has been marked, with the survival rate improving by 6% in Westminster between 2010 and 2011.

Figure 6 - Percentage of businesses surviving for one year

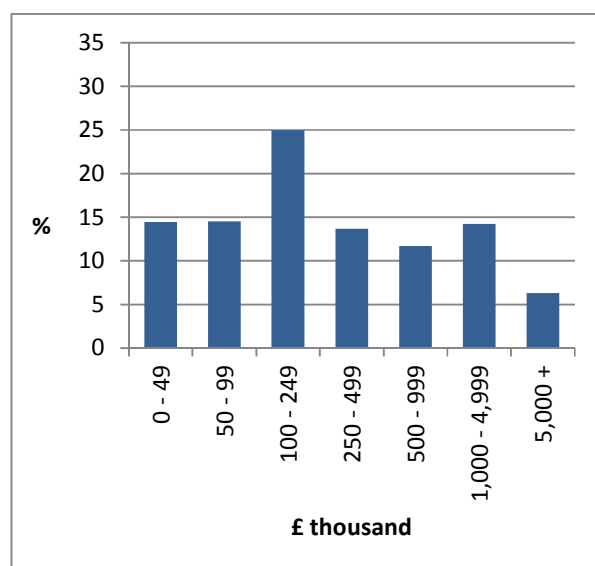


Source: Business Demography, 2012

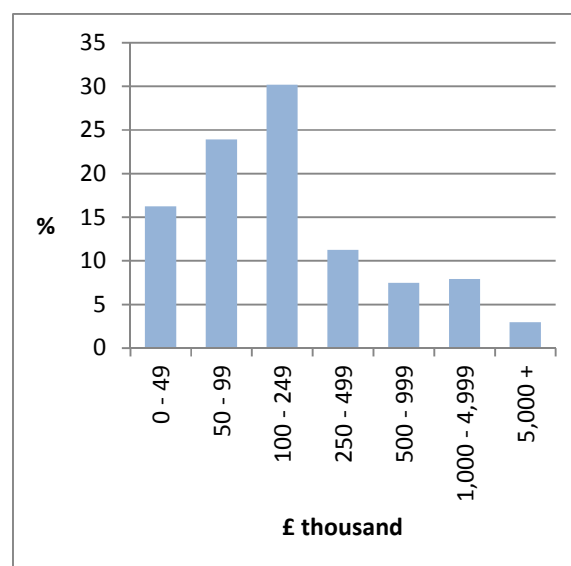
Enterprise Turnover (£ thousand): London and Westminster

Figure 7 - Turnover

Westminster



London

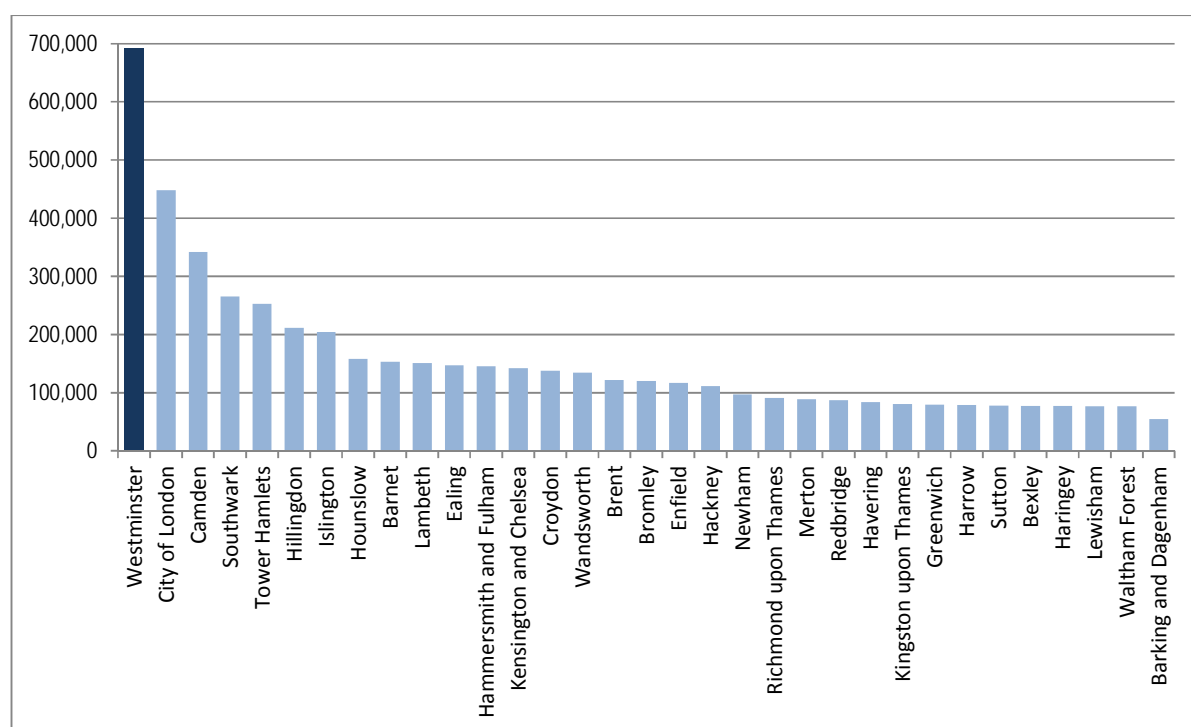


Source: UK Business Activity, Size and Location, 2013

Analysis of enterprise turnover shows that businesses in Westminster generally have higher turnover compared to London as a whole. Around 55% of businesses have an annual turnover of under £250,000 in Westminster, compared to 70% of businesses across London as a whole. At the other end of the scale over 20% of businesses in Westminster have an annual turnover over £1 million per annum, compared to around 10% for London as a whole, illustrating the high productivity of business in Westminster compared to London as a whole.

Employment Distribution across London

Figure 8 – Total Jobs by workplace (London Borough)



Source: BRES 2012/APS 2012/ASHE 2012 (via GLA Datastore)

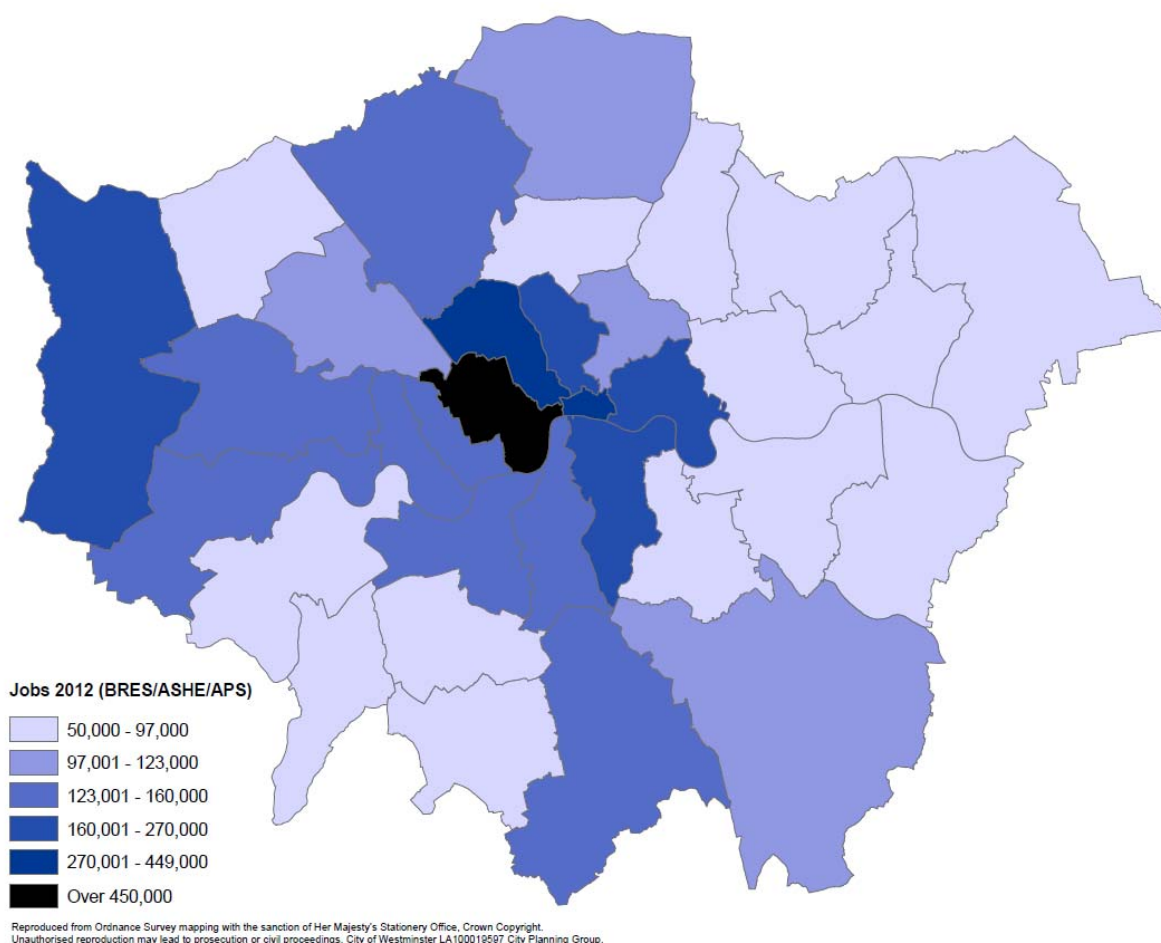
Unsurprisingly, the distribution of jobs across the London boroughs follows a similar pattern to the distribution of enterprises. Westminster has the largest number of jobs of any London borough, with 690,000 representing 13.4% of the London total. The figures above include a combination of data sources to give the most accurate representation of jobs across London, including self employed workers and people with more than one job, and does not purely count the number of employees, as some individuals have more than one job.

Westminster has nearly 250,000 more jobs than the City of London, which is the second highest borough, and nearly three times the number of jobs compared to Tower Hamlets, which is the fifth

highest borough, and has been overtaken by Southwark in recent years. Most of the London boroughs have job numbers of around 80,000 to 150,000, illustrating the concentration of jobs in Westminster.

The general London distribution (Map 2) shows the concentration of jobs in the central boroughs, with the eastern part of the city having the lowest concentration of employees. Other areas such as Croydon and Hillingdon have fairly significant amounts of employees; however Westminster clearly stands out as the employment centre of London.

Figure 9 – Jobs by London Borough



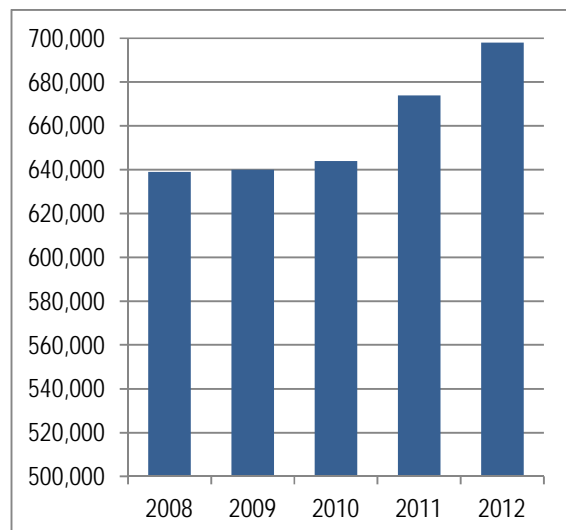
Source: BRES, 2012/APS 2012/ASHE 2012 (via GLA Datastore)

NB. Jobs/Employees: The number of jobs and number of employees are two different things. The distinction is that the number of employees is based on asking each individual in most national surveys whether they are in employment or not. However, many people have more than one job, which is why the number of jobs is an inflated figure compared to the number of employees and represents the number of employment opportunities (not taking vacancies into account), where there is no double counting or apportionment of individuals between jobs.

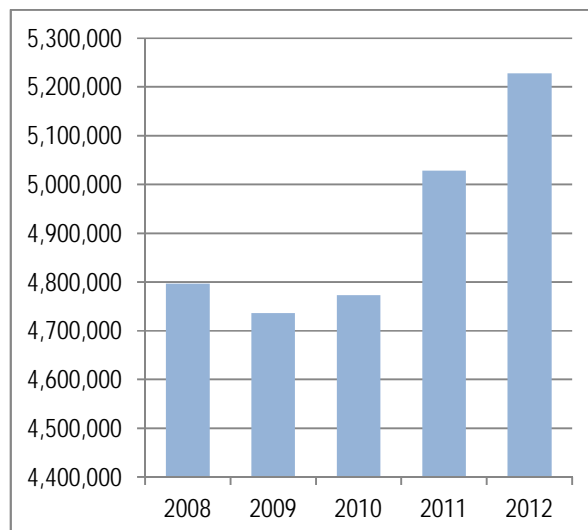
Total Employee Jobs: London and Westminster

Figure 10 - Total jobs 2008-2012, Westminster and London

Westminster



London



Source: BRES 2012/APS 2012/ASHE 2012 (via GLA Datastore)

The number of jobs in Westminster has increased over the past 5 years, with a steady increase between 2008 and 2010 followed by a much sharper growth in jobs in 2011 and 2012. Between 2008 and 2012 there has been a 9.2% increase in jobs in Westminster. This is a different pattern to London as a whole, where there was a drop in jobs in the recession years between 2008 and 2009, followed by a gradual rise the next two years, then a much sharper increase in 2011 and 2012. Between 2008 and 2012 job growth across London as a whole was 8.9% illustrating more substantial and sustained growth in Westminster.

Projected Growth in Employees (not total jobs): London and Westminster

Figure 11 - Employment Projections

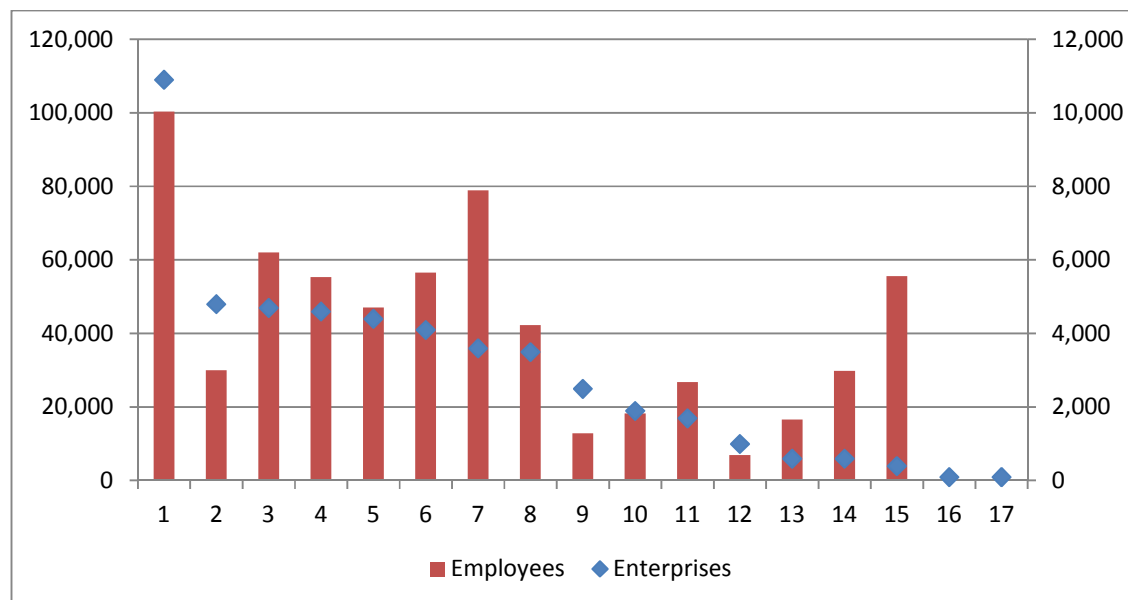
| Employees | 2011 | 2016 | 2021 | 2026 | 2031 | 2036 | Change 2011 to 2036 |
|---------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Westminster | 608,000 | 615,724 | 631,071 | 647,967 | 667,696 | 688,015 | +13% |
| London | 4,208,000 | 4,331,853 | 4,459,039 | 4,589,633 | 4,723,710 | 4,861,347 | +16% |

Source: GLA Employee Projections, 2013

The GLA projections show that the number of employees in Westminster (not jobs) is likely to continue to grow rapidly for the next twenty years. During this time it is projected that around 100,000 additional employee jobs will be created in Westminster, representing an increase of over 15% on 2011 employee projections. This growth is more substantial than the overall figure for London, which while also growing considerably, is roughly 3% lower than the Westminster figure.

Enterprises and Employees by Industry in Westminster

Figure 12 - Enterprises and Employees by Industry Sector



Source: Enterprises, (UK Business Activity, Size and Location, 2013). Employees, (BRES, 2012).

Industry Sector Classifications (as above)

- | | |
|---|---------------------------------------|
| 1. Professional, scientific & technical | 10. Wholesale |
| 2. Property | 11. Health |
| 3. Information & communication | 12. Production |
| 4. Business administration and support services | 13. Transport & storage (inc. postal) |
| 5. Arts, entertainment, recreation and other services | 14. Education |
| 6. Retail | 15. Public administration and defense |
| 7. Accommodation & food services | 16. Motor trades |
| 8. Finance & insurance | 17. Agriculture, forestry & fishing |
| 9. Construction | |

The breakdowns for both enterprises and employees show that the largest industry (using Standard Industrial Classification codes) in Westminster is the Professional, Scientific and Technical sector, consisting of over 9,000 enterprises employing over 100,000 people. This sector includes the legal profession, consultancies, architects, scientific research and development, advertising, and other professional activities.

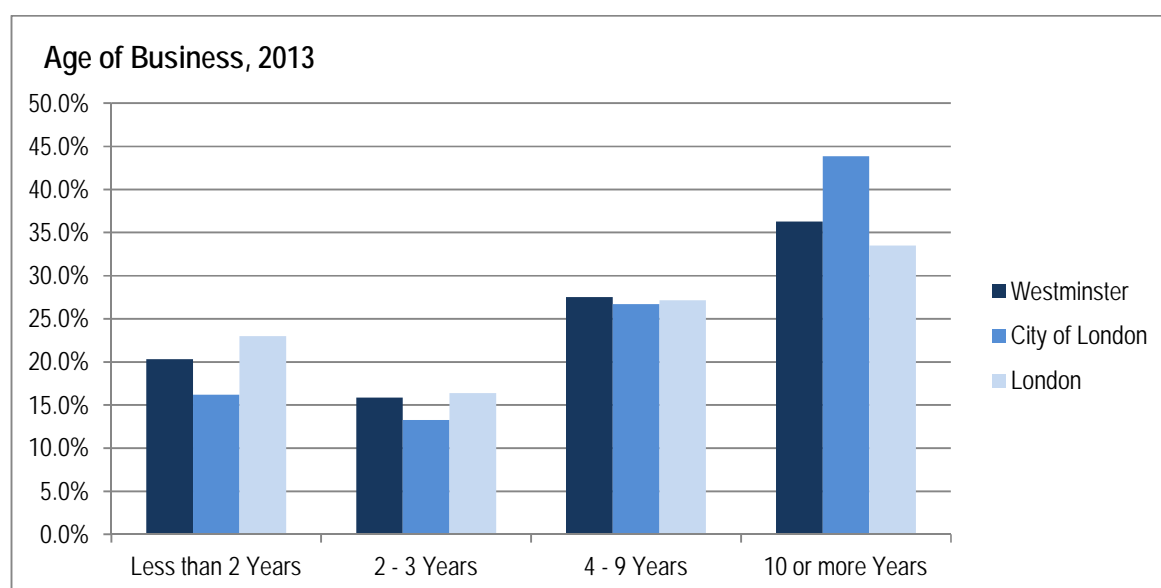
The number of employees by sector does not always follow the trend of overall number of enterprises by sector. For example, retail is ranked sixth in terms of enterprise numbers with roughly 4,000 enterprises, but has the fourth highest number of employees, with roughly 57,000 people employed in the sector. Similarly Public Administration and Defense has only 400 enterprises, but employs over 56,000 people, mostly in large government departments around Whitehall and Victoria, which illustrates Westminster's position as the national centre of Government. This also illustrates differences in the way different sectors operate in terms of the size of business.

Accommodation and Food Services is the second largest employee sector with nearly 80,000 employees reflecting Westminster's considerable tourist, leisure and night time economy as shown through the considerable number of hotels, restaurants, bars and other entertainment uses in the City. Following on from Accommodation and Food Services there are six sectors employing between 40,000 and 65,000 people each. There is also a 'head office effect' where many of Westminster's jobs in certain sectors (such as Production) will be in head offices located in Westminster, and not actual jobs on the ground in this field (another example would be Agriculture, Forestry, Fishing).

Age of Businesses in Westminster

As shown below, Westminster has a younger business profile compared to the City of London, with 20% of businesses being less than two years old in Westminster compared to 16% in the City of London. Conversely 36% of businesses are aged over ten years in Westminster compared to 44% in the City of London, illustrating greater change in Westminster. London as a whole has the most even spread across the age groups, with a larger proportion of businesses aged under two years compared to Westminster and the City, and a smaller proportion of businesses aged over ten years.

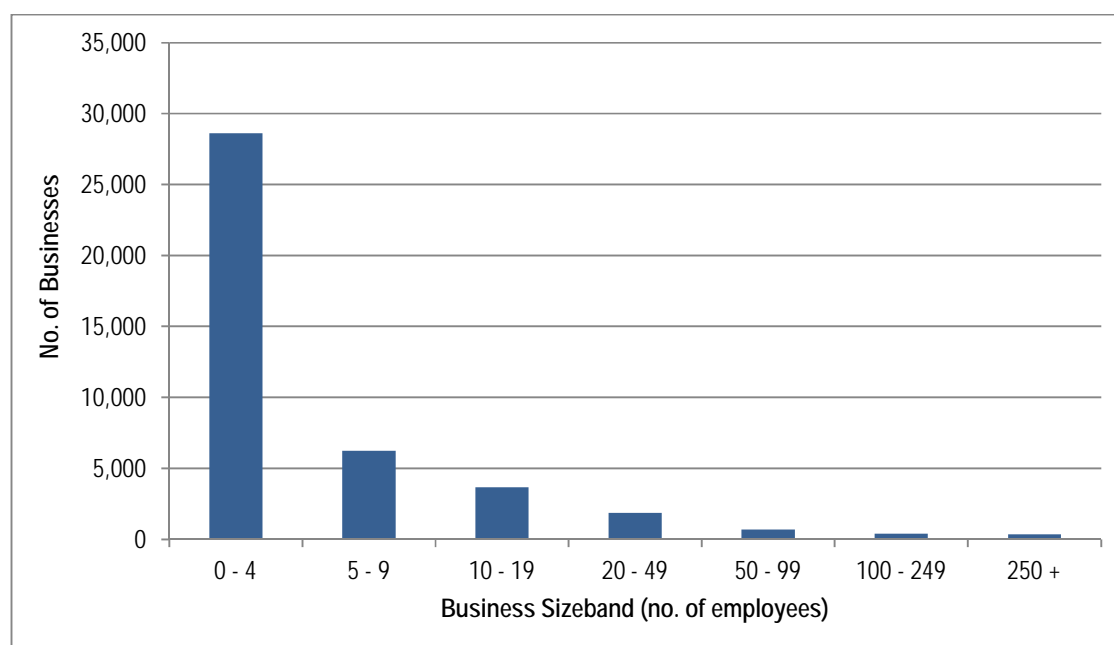
Figure 13 – Age of Business, 2013



Source: UK Business: Activity, Size and Location, 2013

Enterprise Size in Westminster

Figure 14 - Westminster enterprises by size



Source: UK Business Activity, Size and Location, 2013

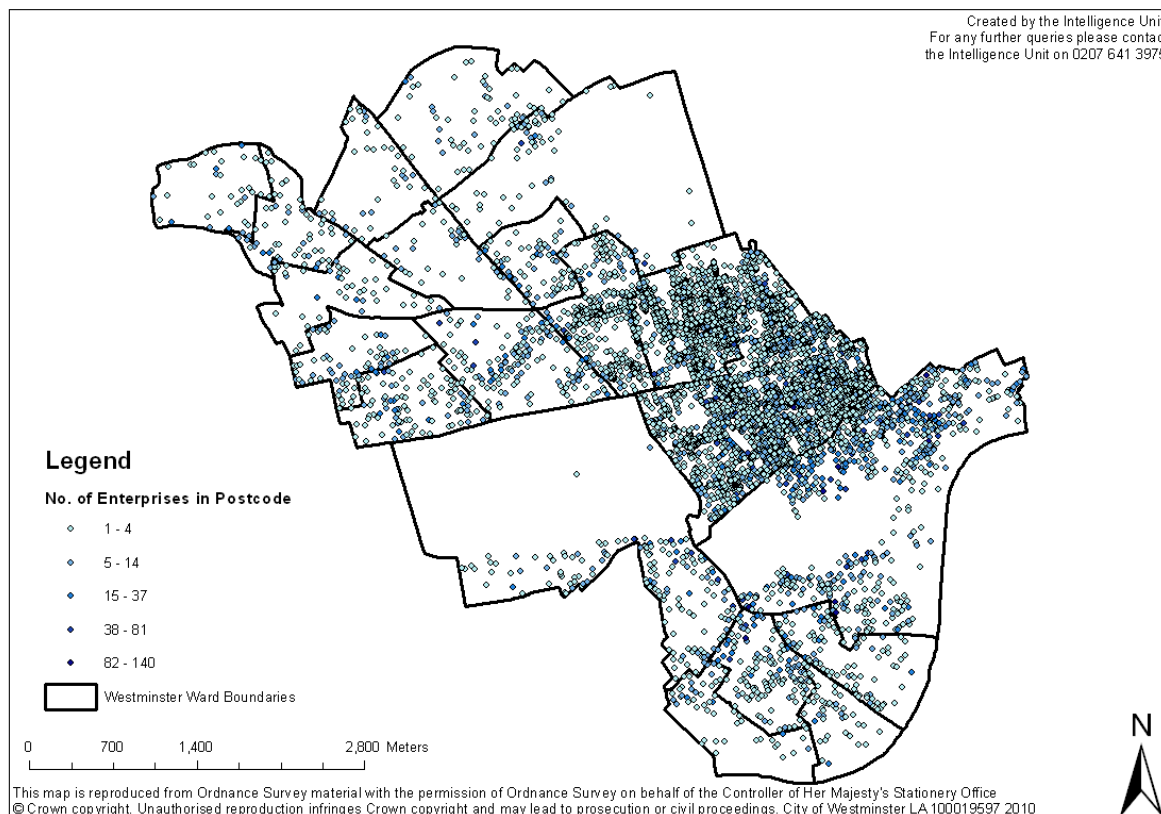
Nearly 85% of Westminster's VAT registered enterprises have fewer than 10 employees, compared to nearly 90% for London as a whole, showing that small businesses make up the vast majority of Westminster's enterprises, although this is not a characteristic unique to Westminster. This is reflected in Westminster's office and retail stock, which is predominantly made up of small and medium sized units and developments fitting in with the historic environment, and also reflects the high number of startups that Westminster has. However the demand for workspace is for all sizes and types in Westminster, and the offer reflects this with different parts of the city offering different stock.

At the other end of the scale, Westminster is an international office and retail destination, with the most expensive office and retail rents in the country illustrating the high level of demand for office and retail space, particularly in the West End. Due to the large number of multinational corporations, headquarters and large companies located in Westminster, there are nearly 750 enterprises with over 100 employees, nearly half of which have over 250 employees. The main locations for larger offices in Westminster are Paddington and Victoria, and Whitehall/Millbank for government and other large offices, along with parts of Mayfair and St James's which is the most expensive part of the office market, and more emerging locations such as Baker Street and wider Marylebone.

Also included in some of these larger employee bands will be the large retail units on Oxford Street, Regent Street and Bond Street such as the major department stores (Selfridges, John Lewis etc), and the universities including Kings College, the LSE, Imperial and the university of Westminster.

Enterprise Distribution in Westminster

Map 1: Enterprise density by Westminster postcode



Source: NDR, 2013

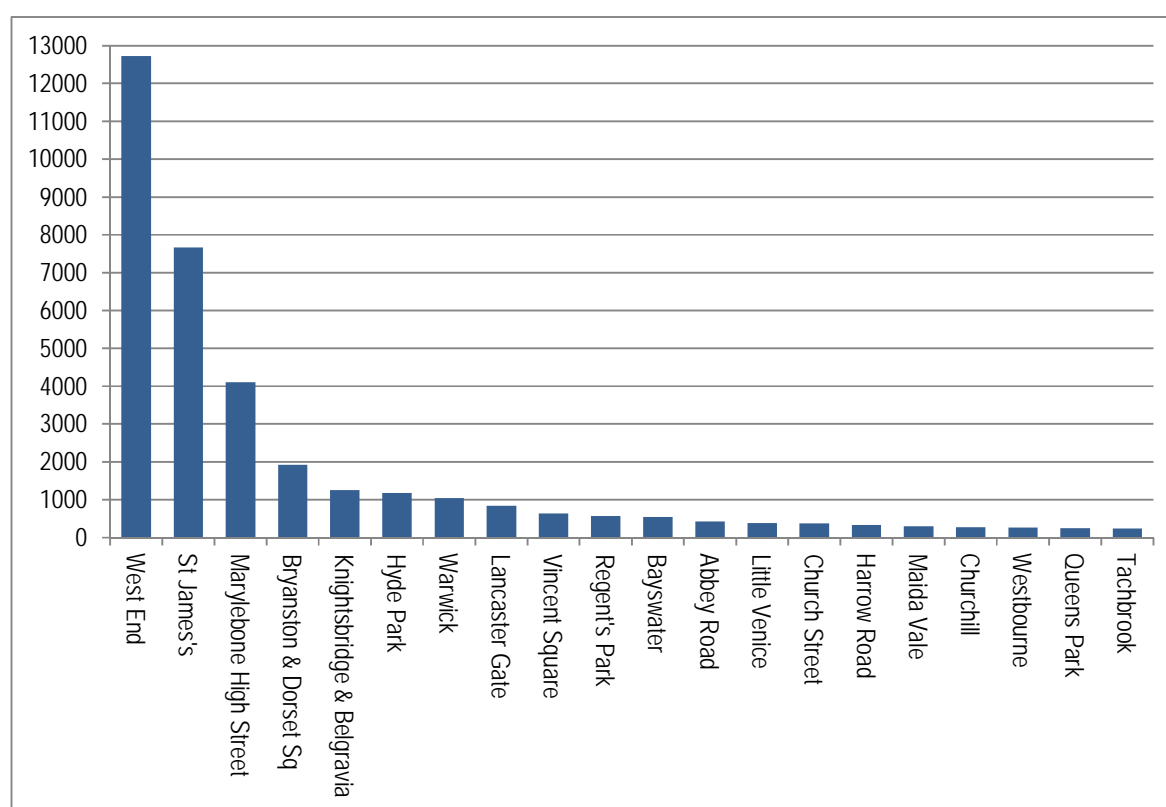
This distribution map shows the density of enterprises by postcode, with each dot representing individual postcodes, coloured by enterprise density. The general distribution shows a concentration of enterprises in the central wards of St James's and the West End. This data includes both head offices and any subsidiaries as individual units, so there is no delineation in the data to identify head offices and no scope for double counting.

Other areas of concentration are around the more commercial areas of Victoria, Knightsbridge, and around the designated shopping areas such as Queensway, Marylebone High Street and St John's Wood High Street.

In the more residential areas to the north and south of the borough, again the highest density of enterprises tends to be in the local shopping centres. This is also the case in the NWEDA, which is predominantly residential in focus, with enterprises concentrated around the Praed Street and Harrow Road/Church Street District Centres, and the other smaller local centres.

Figure 15 reinforces the distribution shown on the map, with the two wards West End and St James's dominating the number of VAT registered enterprises, together accounting for over 20,000 VAT registered businesses, or 58% of Westminster's total. Marylebone High Street also contains a large number of enterprises, covering commercial areas north of Oxford Street including Baker Street and the Harley Street area, along with several other large local shopping centres.

Figure 15: VAT registered businesses by ward, 2013

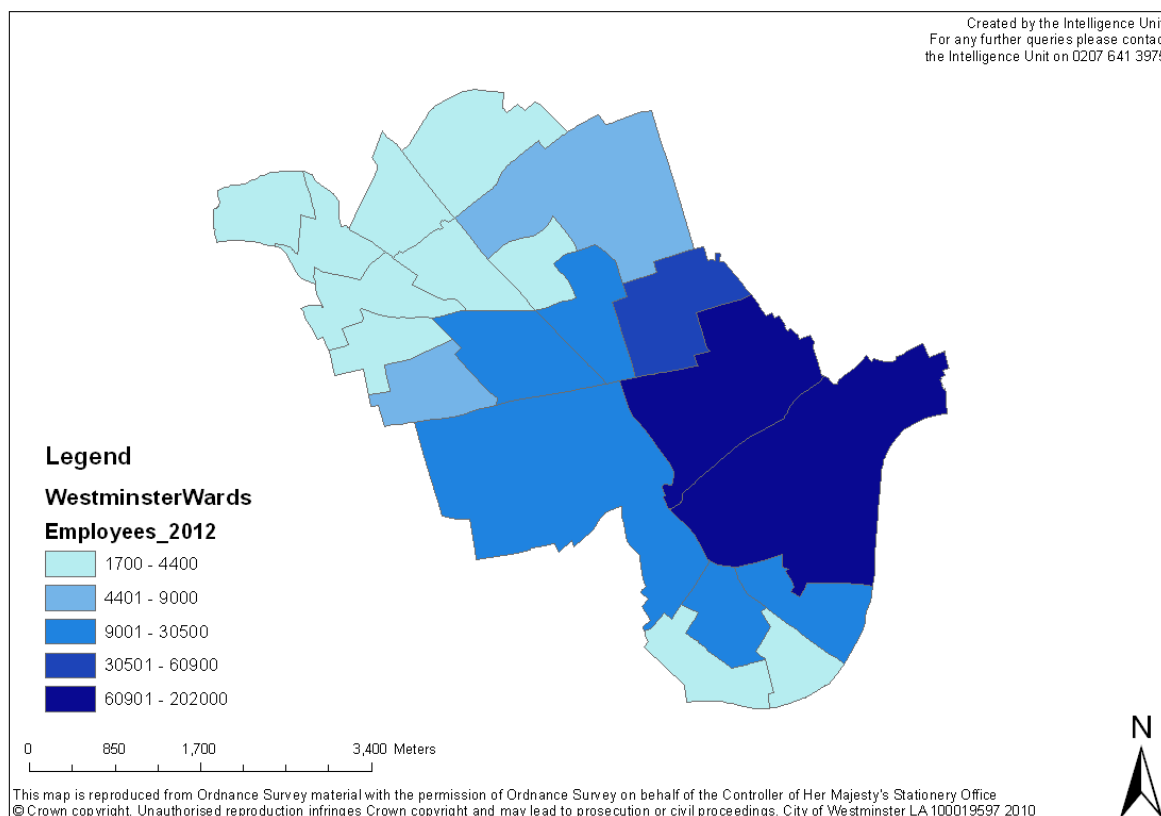


Source: IDBR 2013

Beyond this, there are five wards with around 1000-2000 enterprises, again mostly on the fringe of the Central Activities Zone, with the remainder of the wards having under 500 enterprises. The predominantly residential wards to the north and south of the borough have the fewest number of enterprises, most of which will be located in the designated shopping centres found in those wards.

Employee Distribution in Westminster

Figure 16 - Employee distribution by Ward



Source: BRES, 2012

Employees are overwhelmingly located in the two large central wards of West End and St James's. Following the trend shown in the enterprise distribution, Marylebone High Street has the third highest number of employees, followed by the other more central wards including Knightsbridge & Belgravia, Hyde Park and Bryanston & Dorset Square.

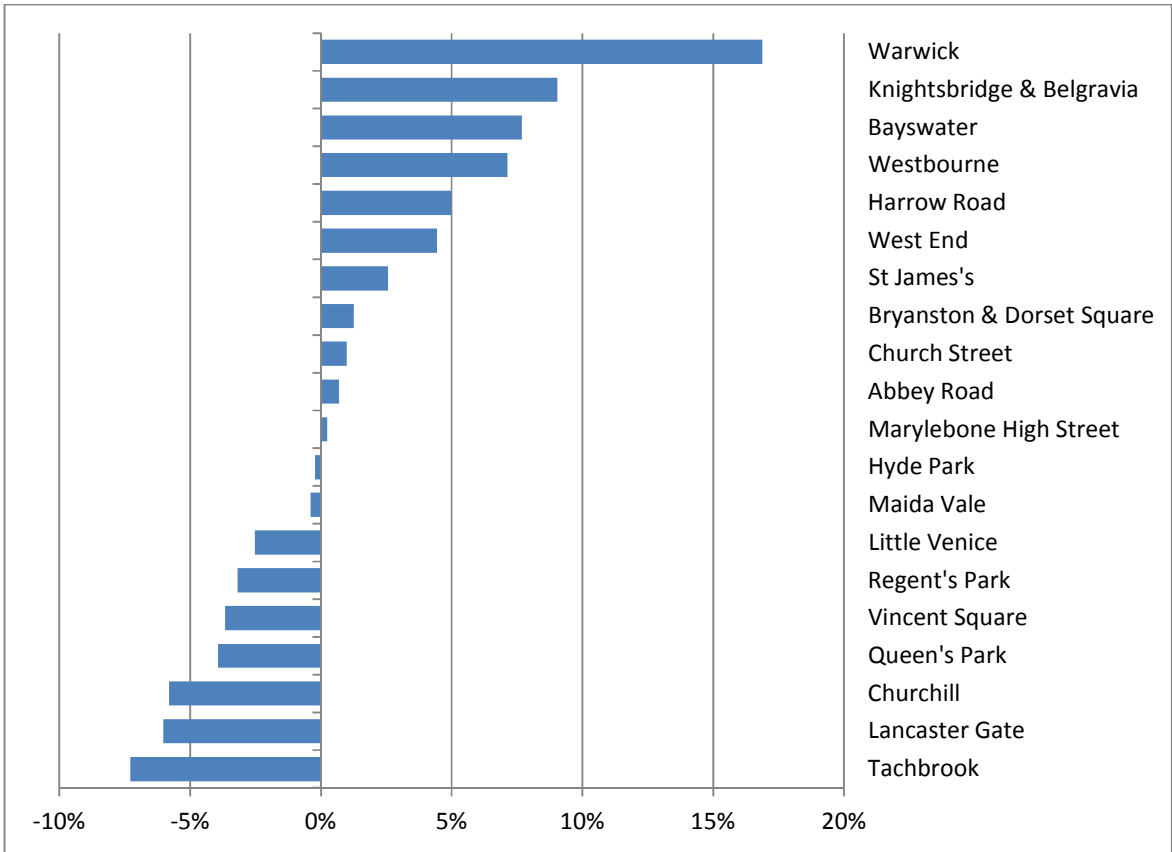
Generally, the spatial trend shows that as you go out from the central wards of St James and West End, the number of employees decreases.

Unsurprisingly the predominantly residential wards to the north and south of the borough have the smallest number of employees, such as Queens Park and Tachbrook. As these are the smallest wards in terms of employees, any changes in the data tend to look more exaggerated compared to wards with larger employee populations. For example in the second figure showing change between 2011 and 2012, the figure for Tachbrook showing a decrease of 7% should be used with caution as the initial number of employees was very low to begin with.

Figure 17 shows that the central wards of St James's and West End both gained employees between 2011-2012, and 11 of the twenty wards also experienced employee growth in this time. Warwick ward

has experienced the most considerable expansion in employees, potentially due to developments in the Victoria Opportunity Area. Encouragingly, employee growth has occurred in two of the NWEDA wards of Westbourne and Harrow Road, where this has added importance due to the economic and social issues affecting the area including higher multiple deprivation scores. Some of the employee loses could be explained by market forces and development cycles, such the recent trend for conversion of commercial uses (mainly offices) to residential, however certifying this would need more in depth analysis. However, an analysis of this data over a one year period can reveal very little about changes of this type, and underlying issues around the changing location of employment, which are likely to be due to longer term economic trends or the fundamental change in areas, development, land use or policy over time.

Figure 17 - Employee Change by Ward 2011 to 2012



Source: BRES, 2012

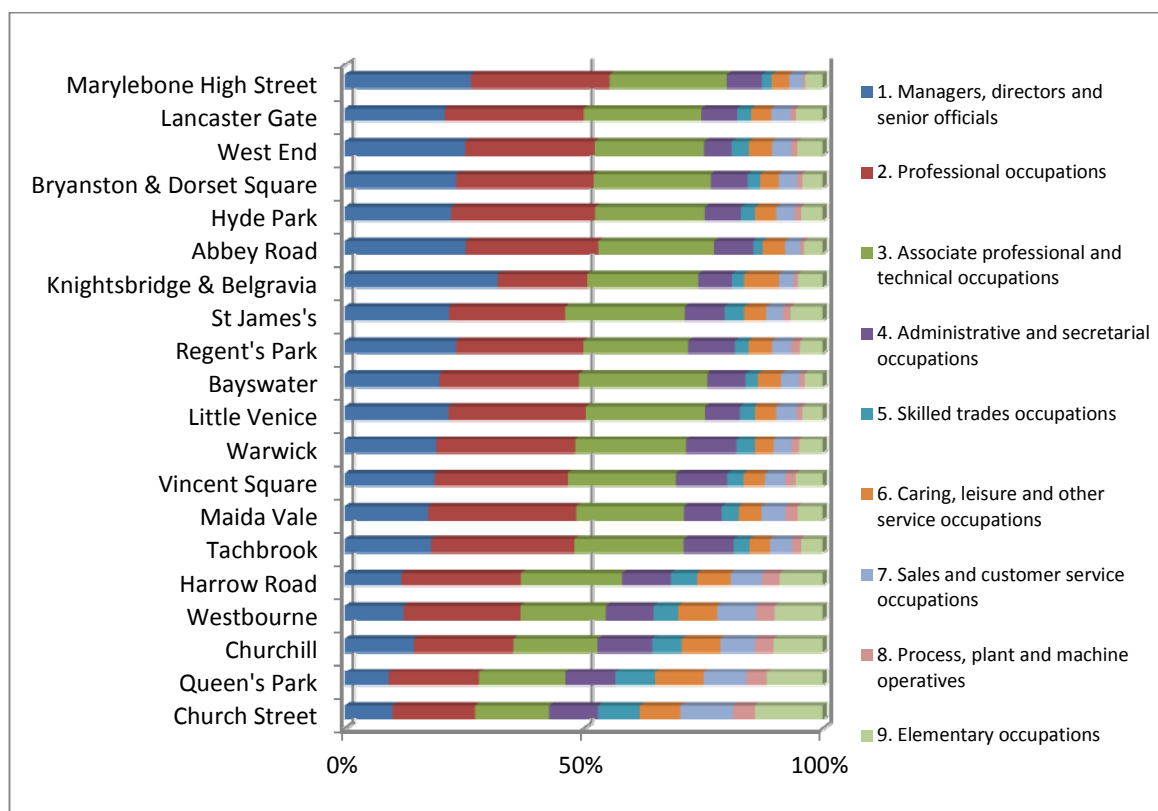
Resident Occupation Structure by Westminster Ward

The occupation structure of residents by Ward (see Fig 17 below) gives an indication of the economic conditions and socio economic population living in different parts of the city. The trends below are broadly replicated in similar data for skills and qualifications, and the indices of multiple deprivation, house prices and other data.

The data below shows that the most deprived wards have the lowest proportions of residents who are managers and senior officials, and much larger proportions of residents with occupations in areas such as skilled trades and elementary occupations. On the other hand the wards with lower levels of deprivation have a higher proportion of residents with managerial and professional occupations, such as Knightsbridge and Belgravia, and Marylebone High Street.

The St James and West End wards contain the largest number of employees of all the wards by far. The resident profile for these wards has a mixed occupational structure, ranging from highly skilled managerial and professional jobs, to administrative business services, and service industry jobs in hospitality, retail etc. On the surface this may seem incongruous, but both areas contain a mix of housing in parts, particularly in Soho and around parts of Covent Garden, giving mixed communities.

Figure 18 - Occupation Structure by Ward



Source: Census 2011

Gross Value Added (GVA): Westminster

GVA is a measure of the contribution to the economy of each individual producer, industry or sector in the United Kingdom. GVA is a measure of production in monetary value, which is then used to calculate GDP by taking into account taxes and subsidies on products.

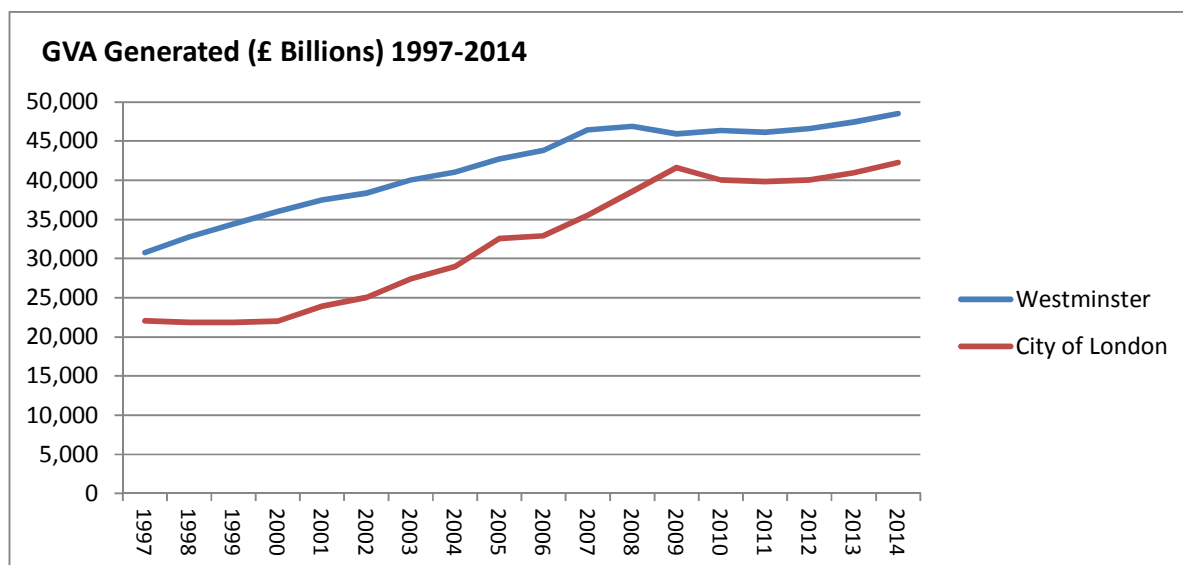
2011 data (latest price data available to calculate GVA) shows that Westminster's total GVA generation stands at £46 billion, representing 15% of London's total GVA generation of £291 billion. This is the highest of any London borough, with the City of London generating the second highest borough level GVA in 2011 with £39.9 billion (Peter Brett Associates, 2013).

The total UK GVA in 2011 totaled nearly £1340 billion. Of this, 22% originates from London as a whole, and Westminster alone contributes 3.4% of national GVA. This figure has steadily increased since 1998, when Westminster contributed 2.2% of national GVA.

Historical data shows that GVA generation increased by around 50% between 1997 and 2011, rising from around £30 billion in 1997 to the 2011 figure of £46 billion, representing a growth of 53%. Over this period, total GVA in Westminster expanded at a similar rate to London.

Looking forward, Westminster's GVA is projected to grow to £48.5 billion for 2014, compared to £42.3 billion for the City of London (Peter Brett Associates, 2013), while London's total GVA is projected to be approaching £300 billion by that point.

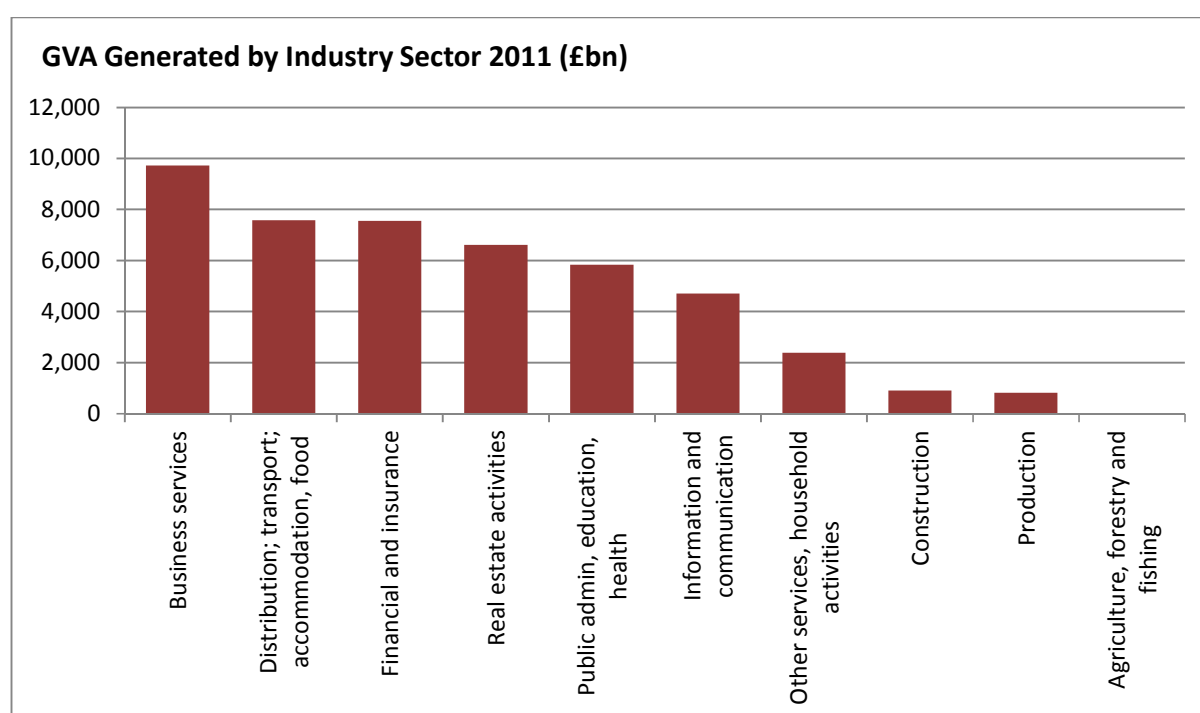
Figure 19: GVA in Westminster, past trends and future projections (projected from 2011 onwards)



Source: Peter Brett Associates, 2013

The structure and diversity of Westminster's economy is further illustrated through the breakdown of GVA generation by Industrial Sector. Following patterns of enterprises and employees shown earlier, the Business Services sector is the largest generator of GVA, accounting for over 20% of the Westminster total. However the distribution between the top five industrial sectors is fairly even, with five sectors contributing over 10% of Westminster's total GVA. This illustrates the diversity of Westminster's economy, which has been a cornerstone of its economic resilience through recent years. This is the complete opposite to the City of London, where one economic sector (Financial & Insurance Activities) accounts for three quarters of GVA generated.

Figure 20: Westminster GVA by Industry Sector



Source: Peter Brett Associates, 2013

GVA grew considerably between 1998 and 2011. The main drivers of this growth in absolute terms were business service activities, which grew by nearly £5bn in that period, increasing by 82% over that period, and financial and insurance services, which grew by over £4 billion, increasing by over 110% between 1998 and 2011.

Significant growth also came from Real Estate activities, which is expected to be an increasing area for growth given market conditions at present.

Negative growth has been reported in one economic sector, agriculture, forestry and fishing, which however employs very few people in Westminster, most likely in the form of company headquarters.

Table 1: Westminster GVA by Industry Sector

| Westminster | GVA 1997 (£mil) | GVA 2014 (£mil) | Growth (%) 1997-2014 | % Westminster GVA (2014) |
|---|--------------------|--------------------|-------------------------|-----------------------------|
| Agriculture, forestry and fishing | 7 | 2 | na | 0.0% |
| Production | 788 | 848 | 7.5% | 1.7% |
| Construction | 571 | 954 | 67.1% | 2.0% |
| Distribution; transport; accommodation and food | 6,189 | 8,124 | 31.3% | 16.8% |
| Information and communication | 3,407 | 4,951 | 45.3% | 10.2% |
| Financial and insurance activities | 3,794 | 7,984 | 110.5% | 16.5% |
| Real estate activities | 4,769 | 6,954 | 45.8% | 14.3% |
| Business service activities | 5,866 | 10,662 | 81.7% | 22.0% |
| Public administration; education; health | 3,750 | 5,680 | 51.4% | 11.7% |
| Other services and household activities | 1,640 | 2,335 | 42.4% | 4.8% |
| Total | 30,781 | 48,493 | 57.5% | 100.0% |

Source: Peter Brett Associates, 2013

Business Rates: Westminster

The combined rateable value of all rateable businesses in Westminster is nearly £4.2 billion. Businesses currently pay a poundage of 41.4p in the pound (i.e. 41.4p per pound of rateable value in 2010), and so along with small business rate relief and other allowances, the total business rates paid by Westminster businesses are about £1.4 billion, which has changed little since 2010.

Each non domestic property has a rateable value set by the Valuation Office Agency (VOA), which broadly represents the yearly rent the property could have been let for on the open market on a particular date. The rateable value can be appealed against, and multipliers applied to the rate vary based on the nature of the business being rated. Small businesses are given a certain amount of rates relief, while larger businesses pay a standard larger amount to pay for the small business relief. Rates multipliers vary each year based on inflation, and the standard rate is reviewed every five years to reflect current conditions.

Table 2: Business Rates (rateable value) by Industry Sector in Westminster, March 2014

| Category | Number | Total RV (£) | Avg RV by unit (£) | % RV by sector |
|--|--------|---------------|--------------------|----------------|
| Commercial | 32,565 | 3,885,681,337 | 119,321 | 92.8% |
| <i>Advertising rights and stations</i> | 201 | 6,431,035 | 31,995 | 0.2% |
| <i>Camping</i> | 0 | 0 | 0 | 0.0% |
| <i>Petrol Filling Stns, Garages</i> | 219 | 5,454,400 | 24,906 | 0.1% |
| <i>Hotels, Boarding Houses</i> | 454 | 280,189,150 | 617,157 | 6.7% |
| <i>Licensed Properties</i> | 597 | 60,856,300 | 101,937 | 1.5% |
| <i>Markets</i> | 4 | 569,250 | 142,313 | 0.0% |
| <i>Offices</i> | 18,149 | 2,542,716,800 | 140,102 | 60.7% |
| <i>Car Parks and Parking Spaces</i> | 3,594 | 31,005,616 | 8,627 | 0.7% |
| <i>Restaurants, Cafe's etc</i> | 1,498 | 165,129,025 | 110,233 | 3.9% |
| <i>Shops, Banks, Post Offices</i> | 6,688 | 765,832,710 | 114,508 | 18.3% |
| <i>Warehouses, Stores etc</i> | 883 | 7,306,631 | 8,275 | 0.2% |
| <i>Other Commercial</i> | 278 | 20,190,420 | 72,627 | 0.5% |
| Education, Training, Cultural | 239 | 64,900,950 | 271,552 | 1.5% |
| Industrial | 266 | 9,887,100 | 37,170 | 0.2% |
| Leisure | 228 | 60,177,400 | 263,936 | 1.4% |
| Misc | 1,942 | 90,509,215 | 46,606 | 2.2% |
| Utilities | 17 | 1,335,261 | 78,545 | 0.0% |
| Treasury/Crown | 25 | 76,434,750 | 3,057,390 | 1.8% |
| | 35,282 | 4,188,926,013 | 118,727 | 100.0% |

Source: Westminster City Council, 2014

Of the total rateable value, nearly 93% of rates originated from the commercial sector, representing nearly £4 billion. Within the commercial sector, Offices have by far the largest rateable value, with the 18,149 rateable units totalling over £2.5 billion, representing 61% of Westminster's total.

Beyond this, the nearly 7000 shops and banks in Westminster total over £765 million in rateable value, representing over 18% of the total. Hotels have the next biggest rating, at over £280 million (7%), followed by restaurants and café's at £165 million (4%), and licensed properties at £61 million (1.5%).

Westminster is the centre of national government and the monarchy, and the significance of the public sector as an employer and occupier in the form of the Central Government departments around Whitehall and Victoria is illustrated in the Treasury (Crown) category, which are rated at over £76 million (over 2% of all rates).

This rates paying structure gives clear illustrations as to the overall size of Westminster's economy and its importance to London and the country as a whole, as these significant rates are redistributed across the country. Note, the data does not include certain parts of the economy which are not charged rates, including charities and other exempt sectors.

Table 3: Top 20 Organisations/Businesses by Rateable Value (£)

| Organisation | RV (2013/14) | Address |
|--|--------------|------------------------|
| Home Office | £24,960,000 | MARSHAM STREET |
| BBC | £22,390,000 | PORTLAND PLACE |
| Selfridges | £20,370,000 | OXFORD STREET |
| MOD - Whitehall | £18,900,000 | WHITEHALL |
| Government Estates Management | £17,350,000 | MILLBANK |
| Price Waterhouse Coopers | £14,370,000 | EMBANKMENT PLACE |
| Parliamentary Estate Directorate | £13,500,000 | OLD PALACE YARD |
| Mayor's Office for Policing & Crime Estates Management | £13,190,000 | BROADWAY |
| John Lewis | £12,950,000 | OXFORD STREET |
| H M Treasury | £12,870,000 | HORSEGUARDS ROAD |
| Department for Business Enterprise & Regulatory Reform | £12,280,000 | VICTORIA STREET |
| Ministry of Justice | £11,920,000 | PETTY FRANCE |
| BNP Paribas | £11,810,000 | HAREWOOD AVENUE |
| Department for Communities and Local Government | £11,250,000 | BRESSENDEN PLACE |
| BP International Ltd | £10,740,000 | ST JAMES'S SQUARE |
| Marks & Spencers Plc | £9,840,000 | NORTH WHARF ROAD |
| The Department for Business Innovation & Skills | £9,670,000 | BUCKINGHAM PALACE ROAD |
| HSBC Bank | £9,170,000 | ST JAMES'S STREET |
| Department for Education | £8,560,000 | GREAT SMITH STREET |
| Foreign Commonwealth Office | £8,360,000 | DOWNING STREET |

Source: City of Westminster, 2013/14

The table above illustrates the presence of central government departments in some of the largest offices in prime Westminster locations, along with the largest retail department stores such as Selfridges and John Lewis, and some of the offices of large multinational corporations such as PWC, BP, HSBC and BNP Paribas. Again this illustrates the diversity of Westminster's economy and the presence of some of the world's largest companies.

Global 500 Company HQ's in Westminster (CNN, 2013)

Table 4: Global 500 Company HQ's located in Westminster

| Company | Global rank | Headquartered | Revenue (\$billions) |
|--------------------------|-------------|--------------------------|----------------------|
| BP | 6 | 1 St James Square | 388.3 |
| Rio Tinto Group | 195 | 2 Eastbourne Terrace | 51.0 |
| Anglo American | 399 | 20 Carlton House Terrace | 28.8 |
| AstraZeneca | 413 | 15 Stanhope Gate | 28.0 |
| BAE Systems | 441 | 6 Carlton Gardens | 26.4 |
| British American Tobacco | 485 | 4 Temple Place | 24.1 |

Source: CNN.com, 2013

Westminster contains the headquarters of six of the Global 500 companies as reported by CNN, as set out above. In context, Britain has 26 Global 500 headquarters, meaning that nearly a quarter of these are located in Westminster. In addition, 8 are located in the City of London (Prudential, Lloyds Banking Group, Aviva, and Legal & General, J Sainsbury, Old Mutual, BT, Standard Chartered). Looking worldwide, a majority of Global 500 headquarters are located in the USA and Japan (with New York and Tokyo as major locations)

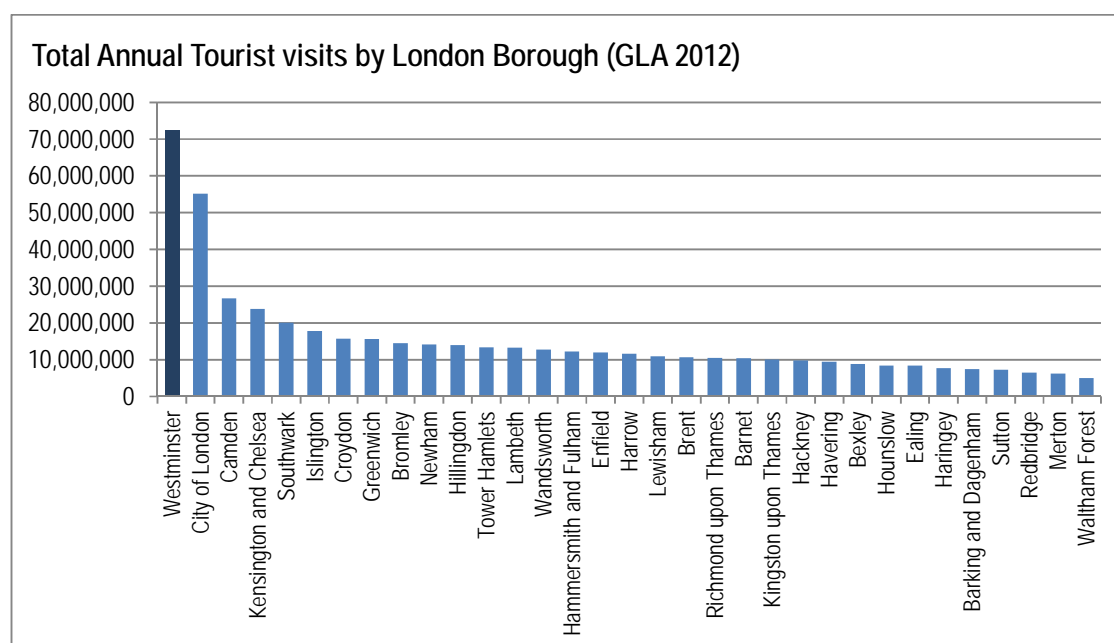
Tourism

The evening and night time economy is the subject of a separate study in 2014.

Westminster is a national and international destination for tourism of all types, from daytrips based around shopping and the evening and night time economy, to longer international stays. In addition to having a number of the most popular individual visitor attractions in the country, whole areas in Westminster act as magnets for visitors, such as Theatreland and the West End for its evening and night time economy, the area around Parliament for its heritage, Oxford and Regent Street for comparison retail trips, and Bond Street and Mayfair and St James's for luxury retail. The vast tourist economy is reflected in the number and range of uses such as restaurants, bars, hotels, shops, galleries, theatres, cinemas and other uses present throughout the central part of Westminster.

Westminster has a daytime population of over 1 million people, which is discussed elsewhere in this report. In terms of daily visitor numbers, Westminster far outstrips other boroughs. On a normal working day, Westminster has nearly 200,000 visitors (this may be higher at weekends and at certain parts of the year), which equates to over 70 million visits per year (GLA Daytime Population, 2012). When overseas staying visitors are considered on their own, Westminster has around a third of the London total, illustrating the popularity of Westminster but also its dominance in terms of hotel provision. On an average day there are over 85,000 overseas visitors staying in Westminster, compared to 180,000 for all other boroughs combined (RBKC is second with 28,000) (GLA, 2012).

Figure 21: Annual tourist visits by borough (overseas staying visitors, domestic staying, domestic daytrips combined)



Source: GLA Daytime Population Estimates 2012

Top Visitor Attractions

Westminster has five of the top twenty paid attractions in England (Tower of London is first), totaling nearly 6million visitors per year (Visit England 2012), generating over £400,000,000 annually in ticket sales (estimated). Westminster also contains three of the top twenty free attractions in England (British Museum is first), totaling nearly 10.5 million visitors per year (Visit England 2012).

Figure 22: Top Visitor Attractions in England (located in Westminster), 2012

| Top Paid Attractions, England 2012 | | | |
|--------------------------------------|------|---------------|-----------|
| Attraction | Rank | 2012 Visitors | Entry Fee |
| Westminster Abbey | 4 | 1,776,369 | £16.00 |
| Royal Academy of Arts | 8 | 1,200,000 | n/a |
| Houses of Parliament | 10 | 1,024,890 | £15.00 |
| Open Top Bus Tour | 12 | 1,000,000 | £7.50 |
| ZSL London Zoo | 15 | 974,433 | £24.00 |
| Top Unpaid Attractions, England 2012 | | | |
| Attraction | Rank | 2012 Visitors | |
| National Gallery | 3 | 5,163,902 | |
| V&A museum | 5 | 3,231,700 | |
| National Portrait Gallery | 7 | 2,096,858 | |

Source: Visit England, 2012

Westminster has five of the top twenty free attractions in London (British Museum is first), totaling nearly 11.5 million visitors per annum (Visit England 2012). Westminster also has seven of the top twenty paid attractions in London (Tower of London is first), totaling over 5.8 million visitors per year.

Figure 23: Top Visitor Attractions in London (located in Westminster), 2012

| Top Paid Attractions, London 2012 | | | |
|-------------------------------------|------|---------------|-----------|
| Attraction | Rank | 2012 Visitors | Entry Fee |
| Westminster Abbey | 3 | 1,776,369 | £16.00 |
| Royal Academy of Arts | 4 | 1,200,000 | n/a |
| Houses of Parliament | 5 | 1,024,890 | £15.00 |
| ZSL London Zoo | 8 | 974,433 | £24.00 |
| Churchill Museum/Cabinet War Rooms | 12 | 343,690 | £16.50 |
| London Transport Museum | 13 | 299,268 | £15.00 |
| Courtauld Institute Gallery | 15 | 213,486 | £6.00 |
| Top Unpaid Attractions, London 2012 | | | |
| Attraction | Rank | 2012 Visitors | |
| National Gallery | 3 | 5,163,902 | |
| V&A museum | 5 | 3,231,700 | |
| National Portrait Gallery | 7 | 2,096,858 | |
| Serpentine Gallery | 14 | 514,453 | |
| Wallace Collection | 16 | 361,368 | |

Source: Visit England, 2012

The Knowledge Economy

The knowledge economy is hard to define, describing trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for access to these services by businesses. It encompasses skilled professions in both the private and public sector such as creative industries, TMT sector, cultural services, research and development and many others. It is estimated that nearly 55% of all jobs in Westminster fall under the broad OECD definition of the knowledge economy.

Focus on: Higher Education/Universities

Westminster is a world leading location for universities and higher education, attracting students from all over the world to study and live in Westminster. Westminster is home to the main campuses of three of the best universities in the world: Imperial College London, Kings College London, and the London School of Economics and Political Science (LSE), along with containing buildings or faculties of other major international universities.

Westminster is also home to the Royal Academy of Music, the Courtauld Institute and the London Business School, all of which are part of the University of London. In addition, Westminster is home to the University of Westminster, the University of the Arts, Regent's College, and the London campuses of several American and international universities.

It is estimated that universities employ around 15,000-20,000 people in Westminster (IDBR 2013, Higher Education Statistical Agency, 2011), and the three Russell Group Universities (Kings, Imperial, LSE) have a combined 52,000 undergraduate and postgraduate students.

Global Top 100 Universities

Westminster contains three of the world's top 100 universities (QS, 2014), all of which have a reputation of excellence for research, teaching, facilities, student entrance standards, student experience, employment prospects, and other attributes. The three are major employers in Westminster, and are also significant land owners and developers.

- **Global Ranking #7:** Imperial College London
- **Global Ranking #19:** King's College London
- **Global Ranking #68:** London School of Economics and Political Science

2 - Population and Workforce

Key Statistics

- Nearly 224,000 residents, 1.9% increase on the 2011 estimate.
- Second highest local authority projected percentage growth in population between 2008 and 2018.
- Increasing household sizes.
- Unique population structure (high levels of people aged 25-40).
- Very diverse communities – 36% residents born outside UK.
- High levels of skills and qualifications, but some parts of the city have very low levels of skills and qualifications.
- Low JSA claimants.
- High levels of deprivation in some parts of the city.
- Daytime population of around 1 million people, with high night time population.
- Over 50% of residents work in Westminster.

Chapter 2 Summary: Population and Workforce

Westminster's population is amongst the most dynamic in the UK. People are drawn to Westminster because of the unique employment, social and cultural opportunities which this City in the heart of London presents. This is shown in the high population growth rate over the last ten years, and the future projections for continued growth.

In addition to a dynamic resident population, Westminster's daytime population swells to around one million people due to the influx of workers and visitors, which underpins the economy in the city, while presenting substantial challenges for city management and other areas.

Resident churn is very high, as many individual's movements are driven by fluctuating economic opportunities (especially those living in the large private rented sector). Yet, affordability issues within the borough (the second most expensive in the UK), mean that many families on low incomes are unable to aspire to home ownership, and can live in the city only through the availability of social housing and housing benefits.

This means that the City is an exceptionally divergent mix of the very highly skilled and unskilled people, with levels of huge prosperity and poverty living in close proximity.

Chapter 2: Population and Workforce, SWOT Analysis

| | |
|---|---|
| <p>Strengths</p> <ul style="list-style-type: none"> ▪ Very large daytime population/workforce. ▪ Highly skilled workforce and residents. ▪ Dynamic, young resident population. ▪ Attractive location for migrants. ▪ Population churn responds to business need. ▪ Significant student population and presence of top class higher education. ▪ Internationally significant tourist destination, swelling the daytime population. | <p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Balance of residents need against wider daytime population. ▪ Impact of daytime population on council services. ▪ Skills gap with some parts of the resident population. ▪ Reliance on a commuter workforce. ▪ Areas of significant deprivation. ▪ Cost of living inflation for residents through tourists and workers able to pay higher prices for everyday items, in addition to wider property affordability issues. ▪ Informal economy, begging and crime, particularly in West End. ▪ Short term letting of residential properties. |
| <p>Opportunities</p> <ul style="list-style-type: none"> ▪ Employment opportunities and options for residents and workers more generally, for all levels of skill. ▪ Skills and training opportunities at all levels of education and life stages. ▪ Range of employment for all levels of qualifications, in a range of industries. ▪ Opportunities for companies to partake in social investment e.g. mentoring, work experience, investment in communities etc. ▪ Businesses have access to a highly skilled workforce, fostering investment. | <p>Threats</p> <ul style="list-style-type: none"> ▪ Barriers to future growth: deprivation in some parts of the city, skills gaps etc. ▪ Informal economies, attracting illegal and unqualified workers. ▪ Local government funding and potential service cuts and further undermining affordability for residents. ▪ Headline figures on wealth and education can mask pockets of deep deprivation. ▪ Occupational health and sick days linked to incapacity benefit changes. ▪ High student fees. Competition from other universities. |

This chapter describes the resident population of Westminster, examining reasons for recent changes and likely changes over the next 25 years. It also considers how the skills and diversity of the population contribute to economic strength, and the residents of Westminster who have not benefitted from economic opportunities on offer.

Resident Population – Historical Growth

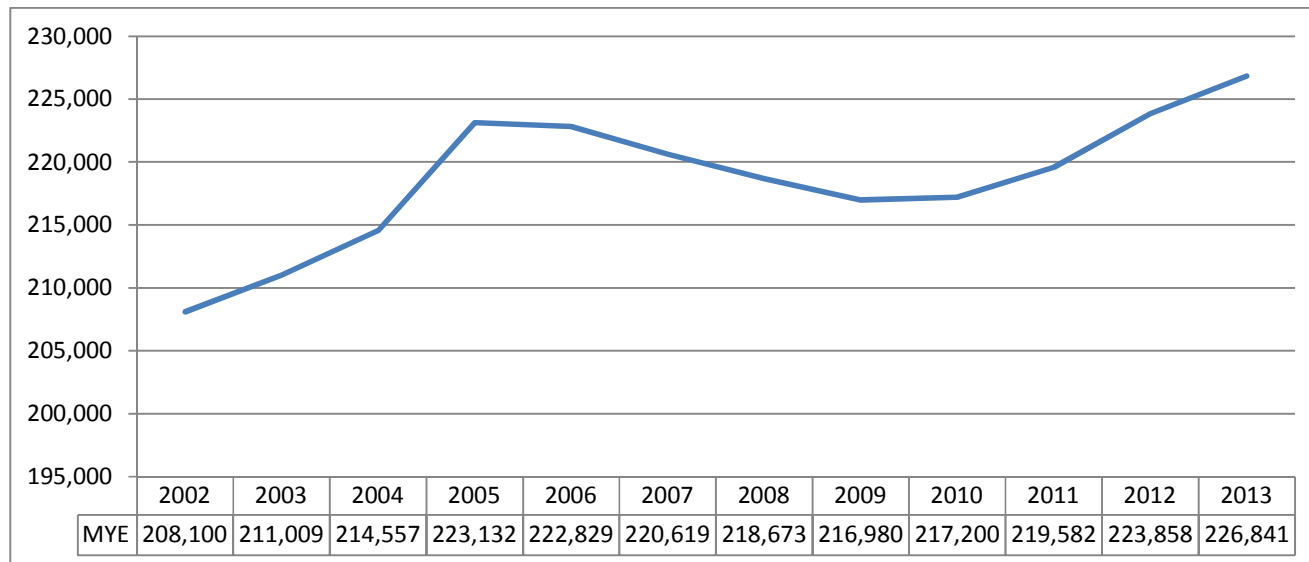
Westminster has experienced significant population growth and diversification over the past 10 years, experiencing some of the highest rates of international migration in the UK.

The current population MYE (2013) is 226,841, which is 18,741 or 9% higher than the 2002 Mid Year Estimate (Figure 24). Although the population has grown since the 2001 census, there was a dip in numbers between 2006 and 2010 according to revised Mid Year Estimates produced after the Census.

Note: this is NOT due to a real fall in numbers but rather because the post-census methodology could only be backdated retrospectively to 2006.

The mid-part of the decade saw a spike in migration due to the accession of Eastern European countries to the EU in 2004. At the end of the decade growth in the City became increasingly driven by higher net natural change than net migration, with births of children to foreign-born mothers accounting for over 70% of all births in the City. This growth has taken place against the backdrop of increases in housing stock, but there also appears to be a growth in household sizes. Flexible household arrangements with non-family members sharing dwellings are increasingly common as groups of workers maintain and expand their presence in the City, mitigating high housing costs by sharing rents.

Figure 24: Mid Year Estimates for Westminster, 2002-2013

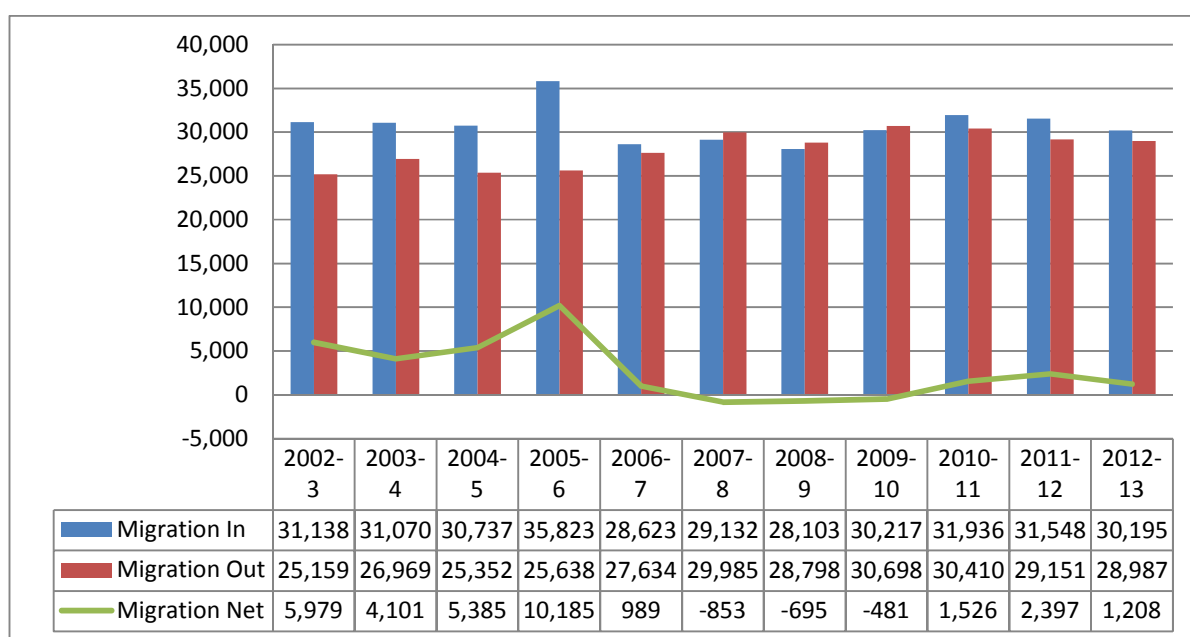


Source: ONS, 2014

Reasons for Growth – Migration

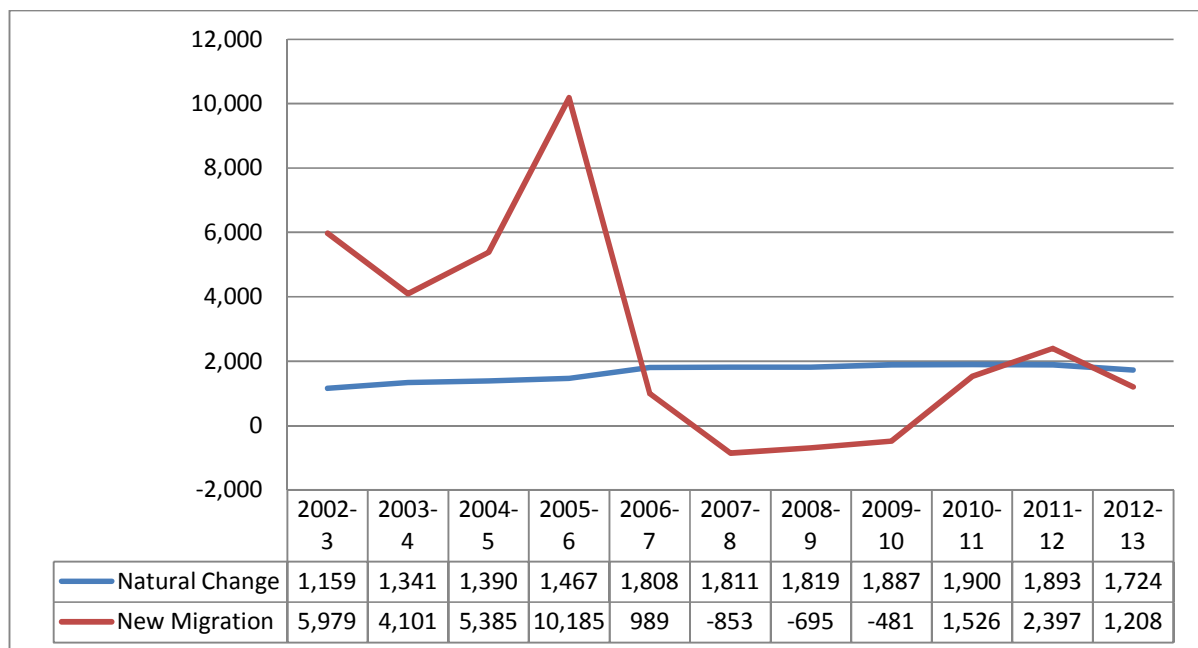
Data on migration (including visitor switchers and asylum seekers) and natural change data provides the reasons for Westminster population growth. Between 2002 and 2006, migration (essentially international in-migration) was the main reason for population growth (Figure 25). Since then natural change has become an increasingly important component – data suggests that Westminster’s natural change has gradually become a more important component to population change since 2002.

Figure 25: In and out migration to Westminster



Source: Components of change, (ONS, 2014)

Figure 26: Components of Population Change – 2002-2013



Source: Components of change, (ONS, 2014)

International migration to Westminster has historically been high and this has maintained high migration levels even when the economy slows down. This is because of the city's business and economic opportunities, established minority communities and a rich cultural life-style.

Resident Population – Future Growth Projections

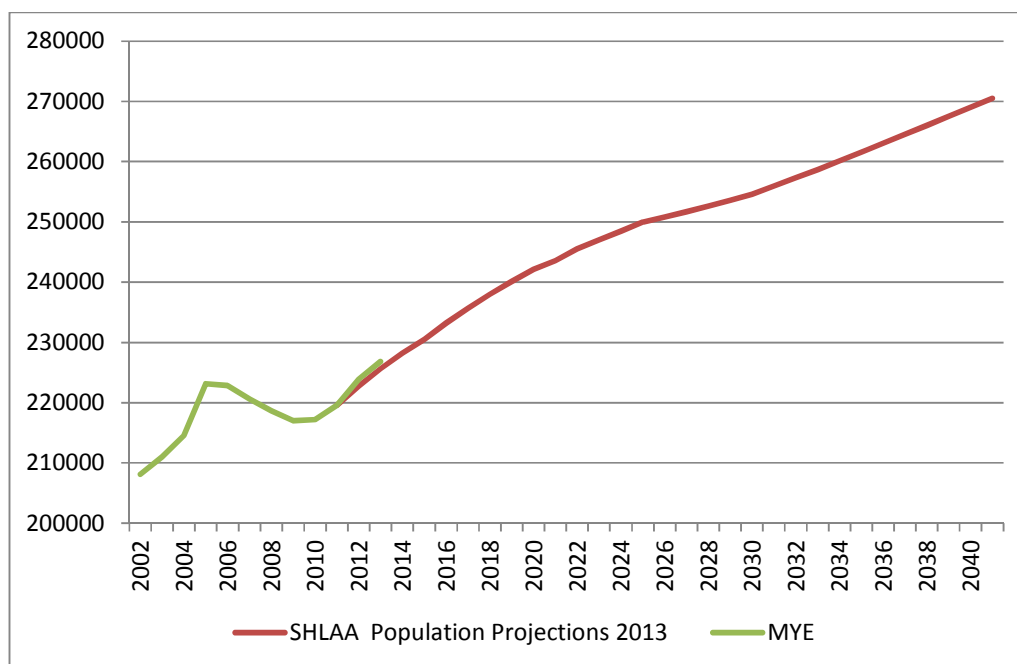
Population projections are produced at the sub-national level by GLA (Greater London Authority) every year. The most recent set of data was published in 2014 and takes the Mid Year Estimate 2013 as the base.

Projection data from the GLA makes assumptions that future trends can be predicted by past behaviour, and although it works well for local authorities where natural change is the greatest component of change, it has not proved a good guide to migration flows in Westminster. This is simply because Westminster's demographics are influenced by forces which are extremely difficult to model.

Figure 27 shows that already the actual MYE's and projected population have begun to deviate in Westminster.

According to these figures Westminster's population is projected to increase from the 2011 base of 225,600 every year until 2041 (the last year of the model). The population is projected to increase by 7% (or 16,500) to 242,100 by 2020, and by 13% (or 29,000) to 254,600 by 2030.

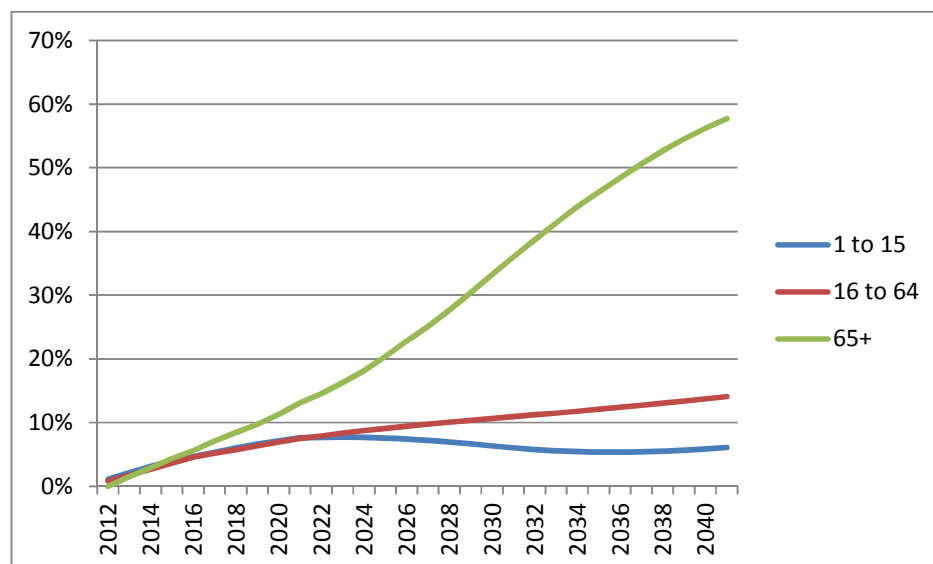
Figure 27: Projected Population Growth in Westminster 2011-2041



Source: GLA, 2014

Westminster's projected growth is estimated to be mainly due to net migration over the next few years, but this diminishes every year in the model and by 2020 around 70% will be driven by natural change (births minus deaths).

Figure 28: Population growth by age group (indexed)



Source: GLA, 2013

Significant growth is projected in children's (additional 4,000, 6%), adults (additional 22,900, 14%) and older people (additional 14,700, 60%) age groups between 2011 and 2041.

Westminster's percentage growth until 2018 is the second highest amongst England local authorities with only Colchester's rate being higher (Table 5).

Table 5: 2008 SNPP, ONS Population Projection briefing 2010

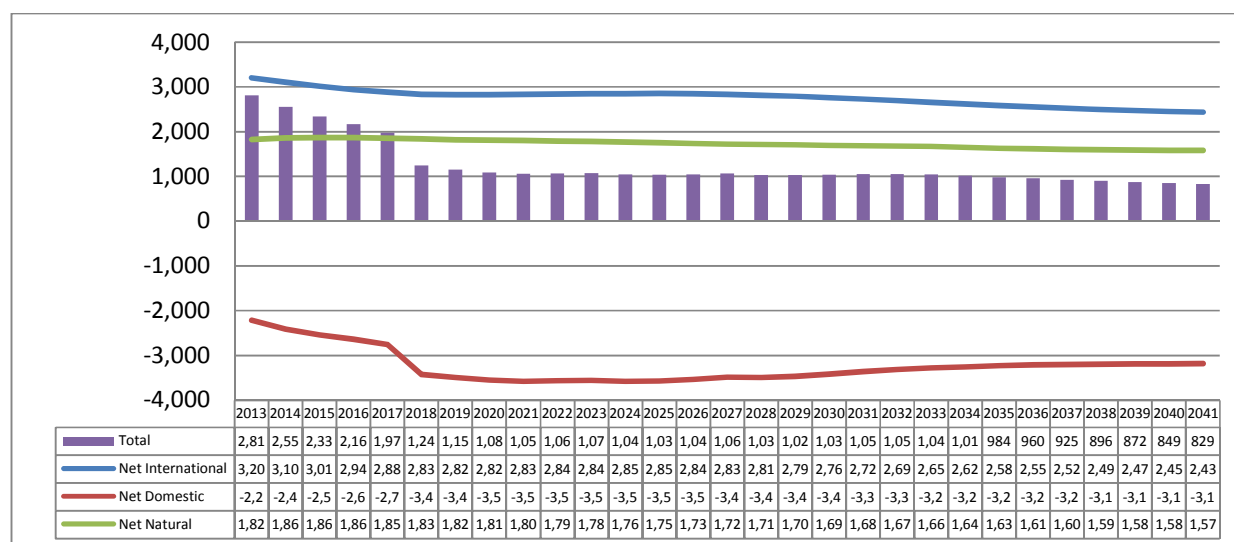
| | Population (thousands) | | Projected change | |
|----------------------|------------------------|----------|------------------|----------|
| | mid-2008 | mid-2018 | thousands | per cent |
| Colchester | 174 | 207 | 33 | 18.9 |
| Westminster | 247 | 292 | 45 | 18.4 |
| Bristol, City of | 426 | 500 | 74 | 17.4 |
| Norwich | 137 | 160 | 23 | 16.8 |
| North Somerset | 207 | 240 | 33 | 16.2 |
| Welwyn Hatfield | 112 | 130 | 18 | 16.1 |
| East Cambridgeshire | 83 | 95 | 13 | 15.5 |
| Ipswich | 125 | 145 | 19 | 15.3 |
| Kingston upon Thames | 165 | 189 | 25 | 15.0 |
| Thurrock | 155 | 178 | 23 | 14.9 |

Note: The City of London and the Isles of Scilly have been excluded from this table due to their small populations

Source: ONS, 2010

Westminster is projected to receive around 16,000 people from abroad each year with 10,000 leaving. Loss of population to the rest of the UK is projected to increase from around 3,000 people over the next few years to 6,000 in the later stages of the model – at which point net negative internal migration and net positive international migration will balance each other out (Figure 29).

Figure 29: Reasons for population growth in Westminster



Source: ONS, 2014

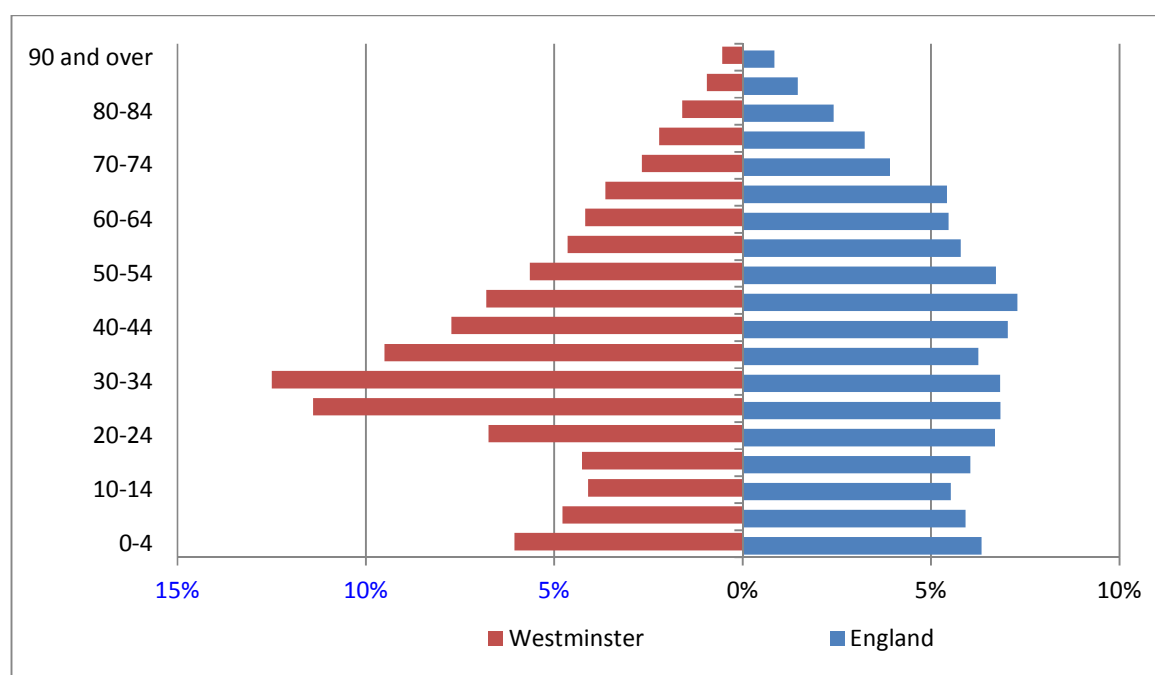
This is in contrast to London as a whole, where migration out exceeds already exceeds migration in, and growth is entirely due to natural change. In London international net in-migration remains high, but internal net migration out is higher.

Current Demographics

Age-Sex

Westminster's population is skewed considerably towards young adults. Almost 24% of residents are aged between 25 and 34, whereas in England as a whole around 14% of people fall into this age group.

Figure 30: Westminster's Age Breakdown compared



Source: ONS, 2014

There are therefore proportionately far fewer children and older people in the City than in both London and the UK as a whole. This is a reflection of a number of factors such as the tendency for families with children approaching school age and older people to migrate out of the City if they are able, and the economic opportunities which attract migrant workers from within the UK and internationally.

Westminster is also almost unique in the UK in having more male than female residents. This is fundamentally because of the number of male migrants and the fact that there are fewer older people, who usually drive the gender imbalance through longer female life expectancy. There are however more women than men in all the twenties age groups and for all people aged over 55.

Diverse Communities

In 1981 36% of Westminster's residents were born outside the UK compared to 18% in London and just 7% in England. The 2011 Census data suggests that Westminster's non-UK born population has now become a majority of the population at 53% - the third highest proportion of all local authorities in the country. The London average is 37% and England 14%.

Table 6: Country of Birth Data

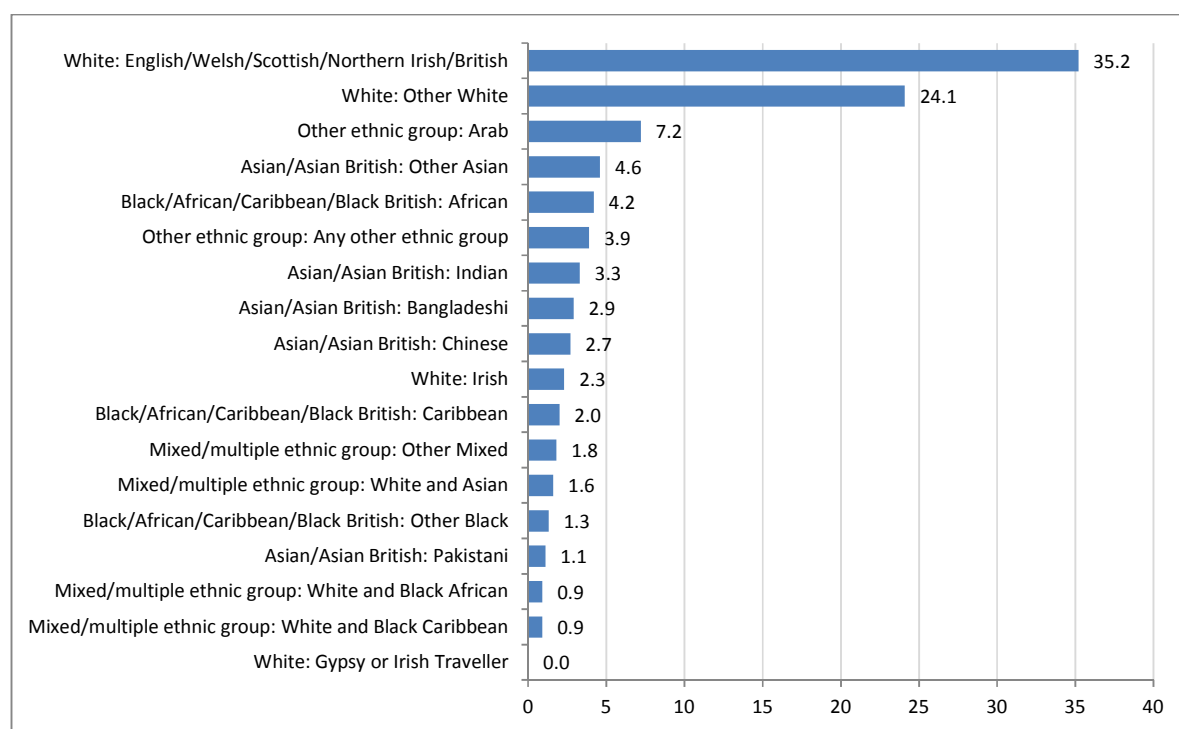
| | Not Born in UK | Total Population | Percentage |
|-------------------------------|----------------|------------------|------------|
| Brent | 171,427 | 311,215 | 55% |
| Newham | 165,414 | 307,984 | 54% |
| Westminster | 116,989 | 219,396 | 53% |
| Kensington and Chelsea | 81,911 | 158,649 | 52% |
| Ealing | 163,228 | 338,449 | 48% |
| Harrow | 107,049 | 239,056 | 45% |
| Haringey | 113,698 | 254,926 | 45% |
| Hounslow | 109,913 | 253,957 | 43% |
| Tower Hamlets | 109,434 | 254,096 | 43% |
| Hammersmith and Fulham | 78,039 | 182,493 | 43% |

Source: Census 2011

The origins of migrant living in Westminster are different to the rest of Great Britain - there is a much higher proportion of EU nationals, Chinese, Middle Easterners, North Africans, Bangladeshis, North Americans, South Americans, Australasian and pockets of other nationalities otherwise almost non-existent in the UK. The mix ensures a particularly large and truly diverse mix of communities.

Official ethnicity data shown in Figure 32 only partially reveals the amount of diversity within the City, as many of the main ethnic categories are considerably heterogeneous.

Figure 31: The ethnic breakdown of Westminster's residents



Source: Census 2011

Short Term Migration

The ONS produced a single set of data based on the International Passenger Survey 2012 which shows that Westminster had one of the highest numbers (2,500) of short-term migrants of all Local Authority in England and Wales. The figures for the largest short-term migrant population by Local Authority are shown in Table 8.

Table 7: Short Term Migrants to the UK by Local Authority

| Mid 2011 | |
|---------------------------------|-------|
| Newham | 3,439 |
| West Midlands (Met County) | 3,276 |
| Greater Manchester (Met County) | 3,206 |
| West Yorkshire (Met County) | 2,512 |
| Kent | 2,506 |
| Westminster | 2,499 |
| Manchester | 2,244 |
| Cambridgeshire | 2,195 |
| Tyne and Wear (Met County) | 2,146 |

| | |
|---------------|-------|
| Tower Hamlets | 2,037 |
|---------------|-------|

Source: ONS 2013

The magnitude of short-term migrant figures in Westminster, is a reflection of the City's ability to attract both planned and speculative economic migration

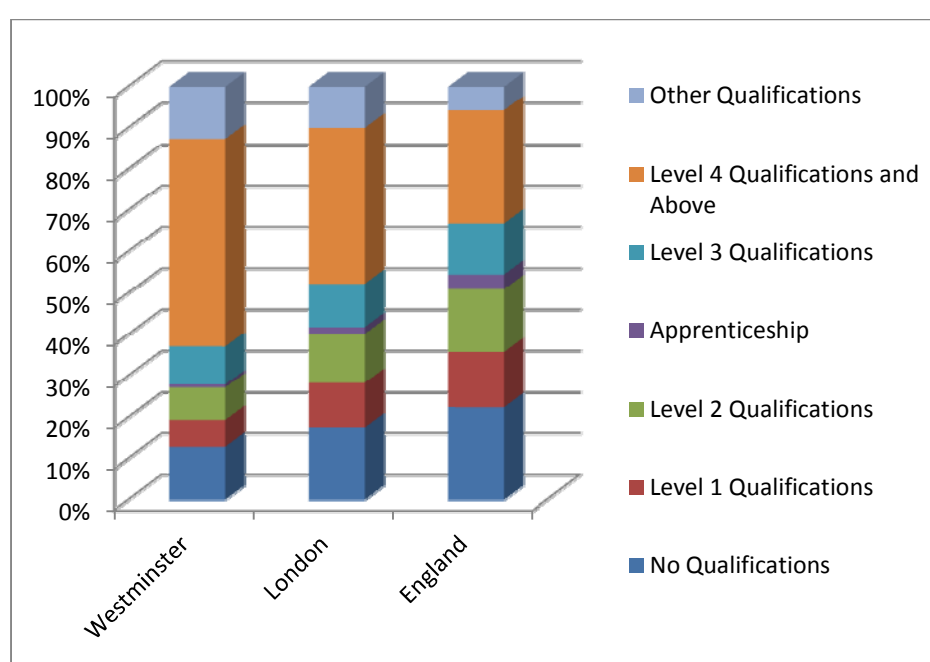
Westminster is home to a significant number of illegal migrants. According to the 2009 LSE report *'Impact on the London and UK economy of an earned regularisation of irregular migrants to the UK'*, some 75% of the country's estimated 750,000 illegal migrants live in London. In Westminster alone, reports by ESRO (Ethnographic Social Research Options) and SQW (Segal Quince Wood Wicksteed research) estimate there to be as many as 20,000 people, showing that there is a considerable informal economy where such migrants can work illegally.

Skills and Education

Qualifications

As Figure 32 illustrates, half of Westminster's residents are educated to at least degree level, with over two thirds educated to A-level and beyond. This is 23% above the average for England and 13% above the average for London. There are comparatively fewer residents with no qualifications showing that Westminster overall has a highly skilled population.

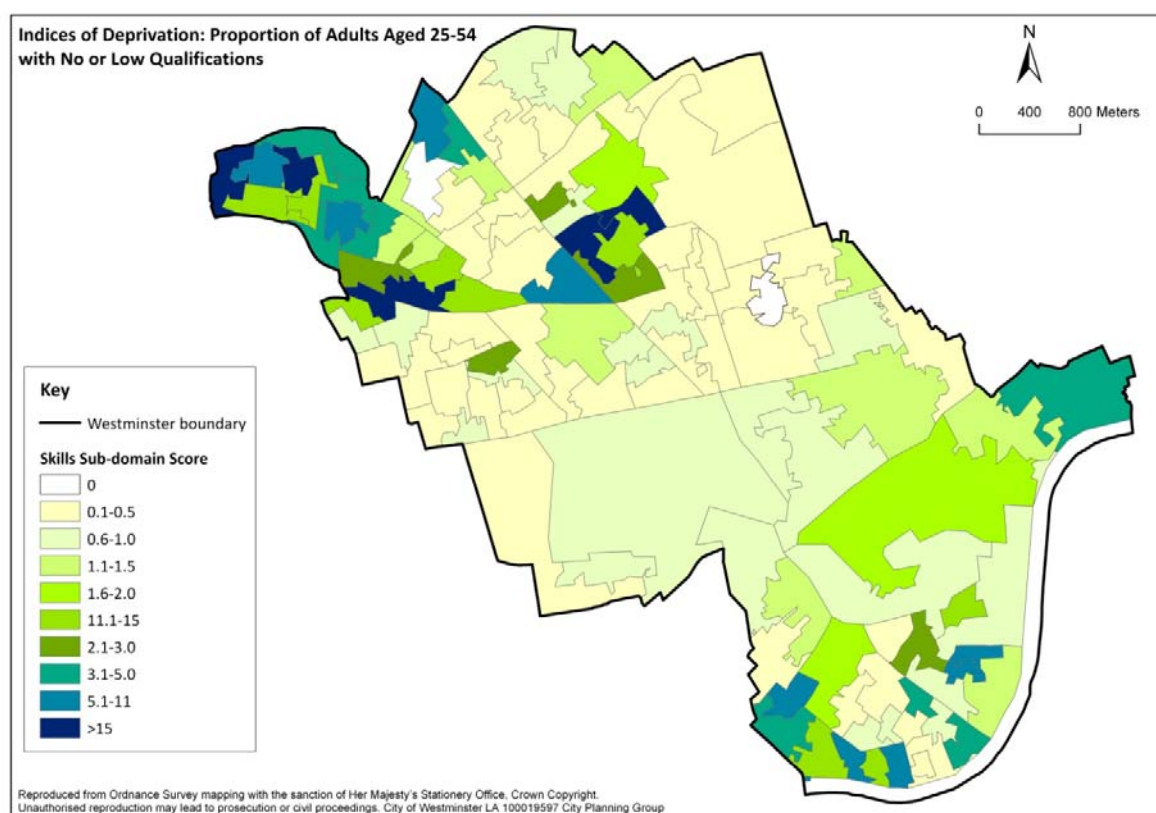
Figure 32: Residents Qualifications



Source: Census, 2011

Although the borough on average has a highly skilled population, there are concentrated pockets of qualification deprivation. Figure 33 shows where these areas are, which corresponds to areas of social housing and general deprivation, particularly in the north west and southern parts of the city.

Figure 33: Adults with no or low qualification rates



Source: Index of Multiple Deprivation, 2010

Skills Gap

Skills gaps exist where employers report having employees who are not fully proficient at their job. The indicator is the proportion of establishments reporting any skills gaps in the current workforce.

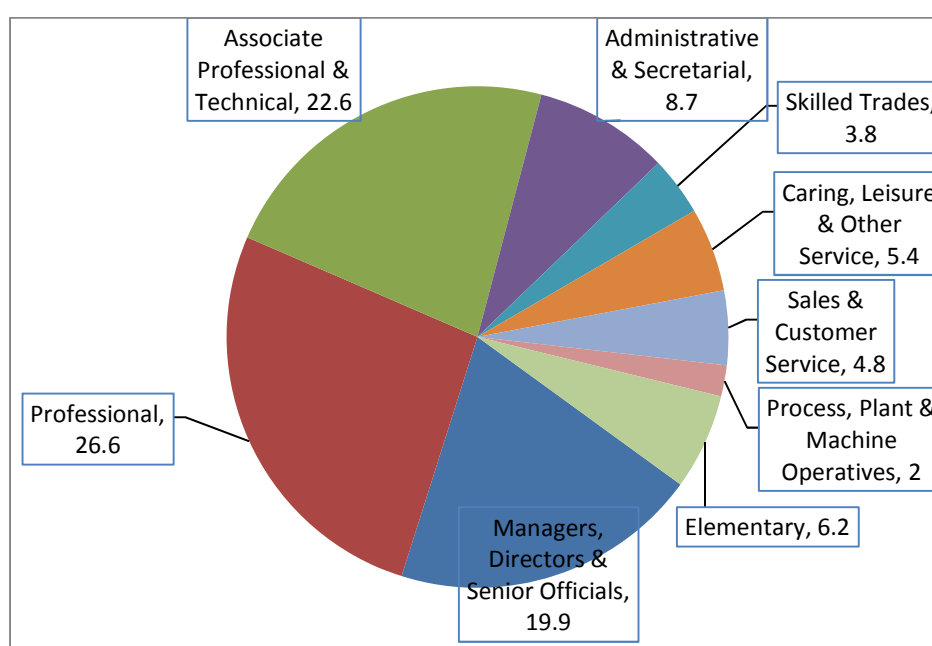
Westminster generally has a highly skilled workforce with 47% of employees educated to degree level (UKCESS, 2013). 5% of employees are reported as having a skills gap, which is the same as for London overall, but lower than the City of London, where the current figure is 7% (UKCESS, 2013).

Occupations

Nearly half of the borough's residents are managers, senior officials or professionals of some kind with a further quarter in associate technical and professional occupations. The majority of residents are in highly skilled occupations with only 13% in occupations deemed as less highly skilled (sales and customer services; process, plants and machine operatives; and elementary occupations).

Westminster has a higher rate of self-employed residents than the rest of London and England as an average (13% compared to 10% in London and 12% in England).

Figure 34: Westminster residents by occupation

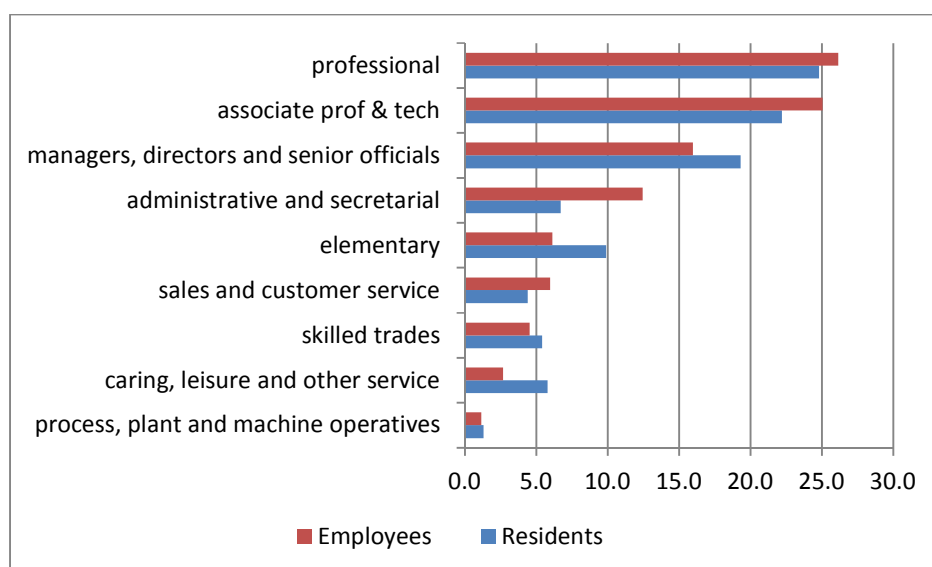


Source: Census, 2011

It is useful to consider the differences between occupations held by residents and workers within Westminster, to assess where there are skills or experience differences between the two groups (Figure 35, next page). One of the most significant areas of difference is in managers, directors and senior official occupations, where the proportion of residents is much higher than workers. However, the highest occupational category (associate professional and technical) is held by has a higher proportion of workers than residents. Administrative and secretarial occupations are also held by a much higher proportion of workers than residents employed.

On the whole, the data shows that Westminster residents tend to have higher skilled occupations than the incoming daily workforce who do not live in Westminster.

Figure 35: Occupation profile of workers and residents in Westminster



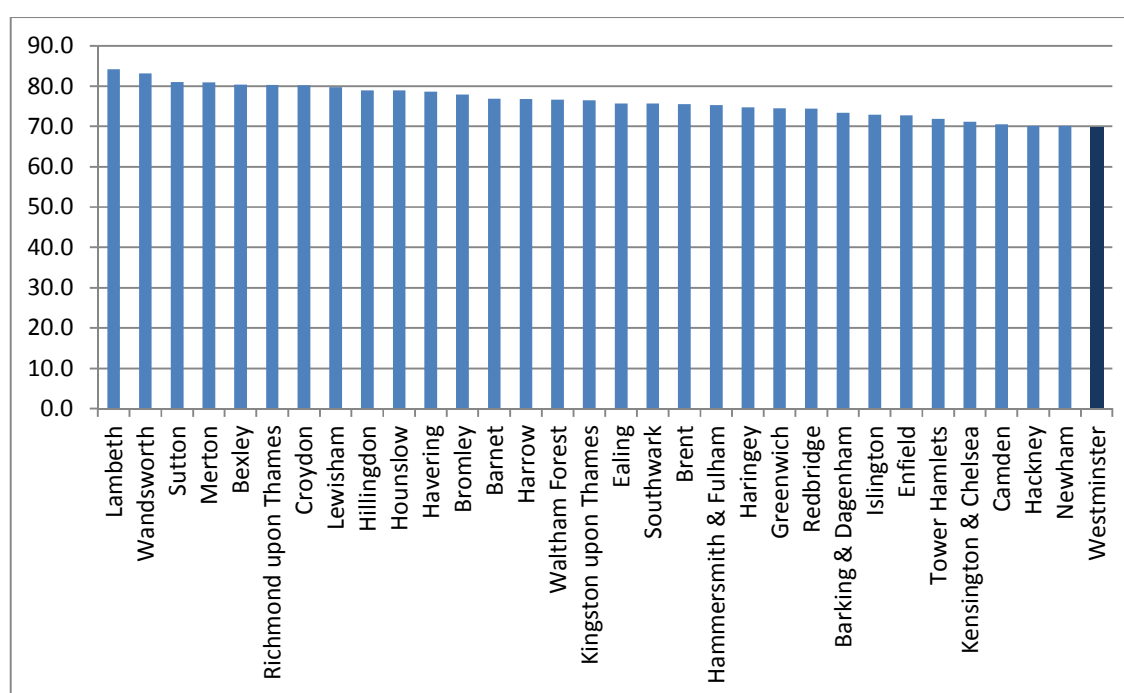
Source: Annual Population Survey, (ONS 2013)

Economic Activity

Economic activity rates represent the proportion of people aged 16 and over who are either in employment or unemployed. In economic terms it is therefore important to have a high economic activity rate, as this represents the active workforce either in employment or seeking work in the city. However, reasons for economic inactivity include full time students, which are a significant part of Westminster's population, who contribute to the economy in their own way, and will do so in the future.

In comparison to almost all other London boroughs Westminster's rate of economically active residents is low. Only 69.8% of Westminster's working age population are economically active¹ (Annual Population Survey, June 2013). This is significantly lower than the London average of 76.4%.

Figure 36: Rate of Economically Active Residents by London Borough, 2013



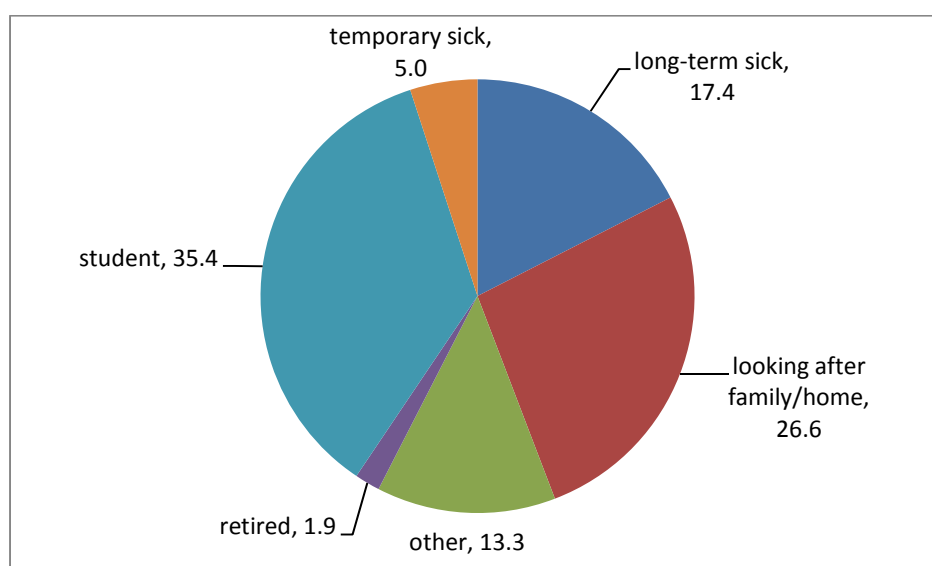
Source: Annual Population Survey, (ONS 2013)

Of the 30.2% economically inactive² residents a third want a job but do not have one because of several reasons. More than a third of these residents are students, with a further quarter looking after

¹ Economically active- either in employment or are actively seeking employment.

family at home. In addition, other reasons for economic inactivity include long term sickness, unavailability to start work, and other reasons.

Figure 37: Reasons why economically inactive residents are not in work



Source: APS, (ONS 2013)

Unemployment

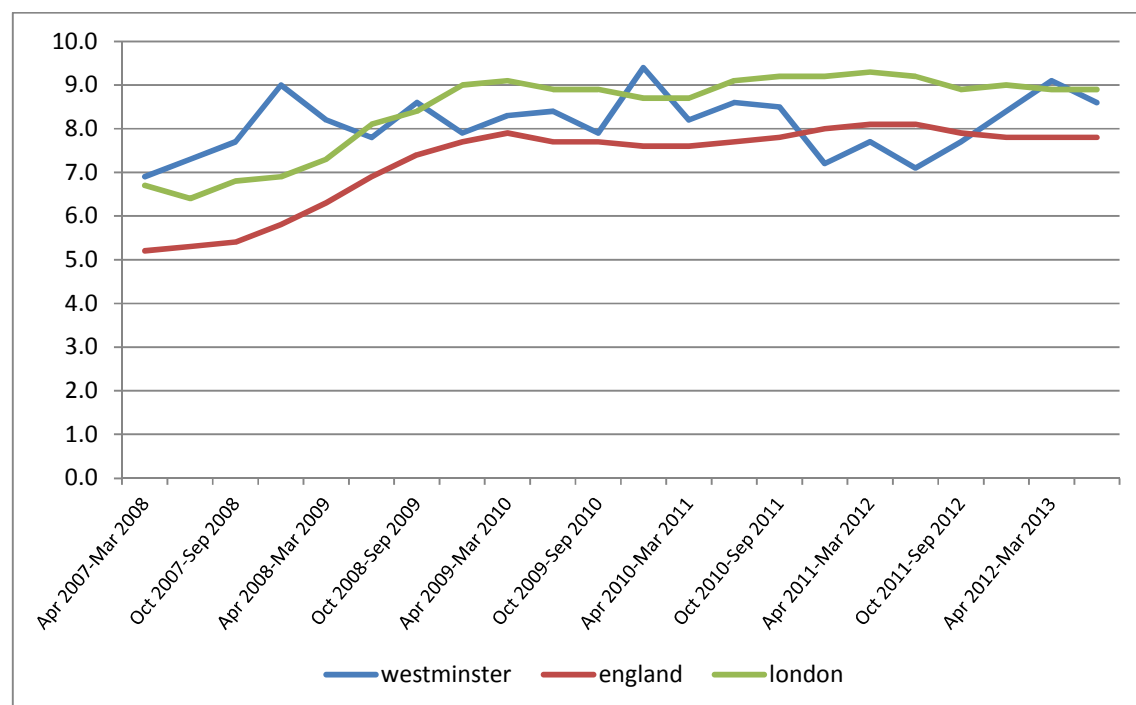
Unemployment is measured either administratively (using the Job Seekers Allowance claimant numbers) or by modeled estimates using the Annual Labour Force Survey– the most accurate way is believed to be the modeled unemployment rate which gives the proportion of those of working age who are not currently in paid employment but are looking for paid employment. It provides a more detailed view (and much higher figures) of residents who are not working but not out of choice compared to active claimants.

The modeled unemployment rate highlights those that are out of work and not claiming JSA. This could be because they are not eligible, do not want to claim or do not know they can claim.

Westminster has experienced a fluctuating unemployment rate since 2007 (Annual Population Survey, 2013), which becomes apparent when compared to the London and England averages. The peaks of unemployment rates around winter 2008 and winter 2010 relate to the economic downturn, with the added effect of seasonality, where unemployment tends to be higher in winter than summer.

² Economically inactive- not in employment or seeking employment.

Figure 38: Rate of unemployment

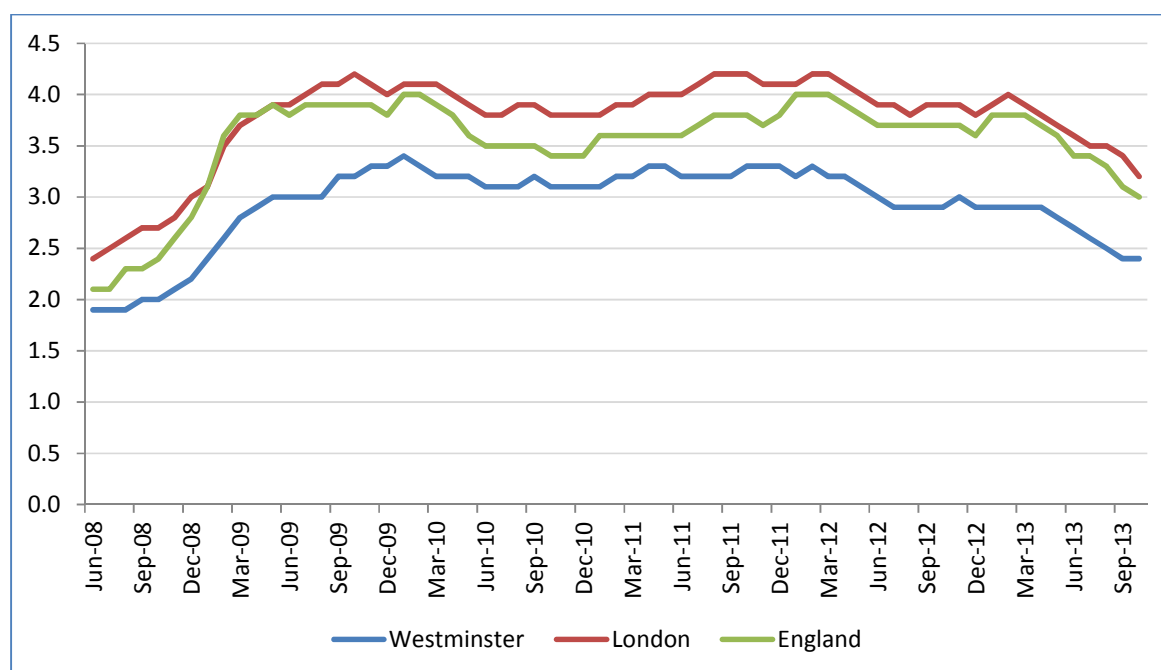


Source: Annual Population Survey, 2013

The administrative measure of unemployment is from the Job Seekers Allowance (JSA) claimant counts. It is much lower than the unemployment rate as there are unemployed people who do not claim benefits, either through choice or because they are not entitled to.

Westminster JSA claimant rates are lower than the London average (ONS Claimant Counts, 2013), a rate of 2.4 compared to 3.2 in October 2013. The claimant rate has risen since the beginning of the economic downturn in June 2008 reaching a peak of 3.4% in January 2010. The rate was then reasonably steady for the next 18 months before starting to fall steadily from the beginning of 2012, with it now standing at 2.4%, well below the equivalent for London and England as a whole (Figure 35).

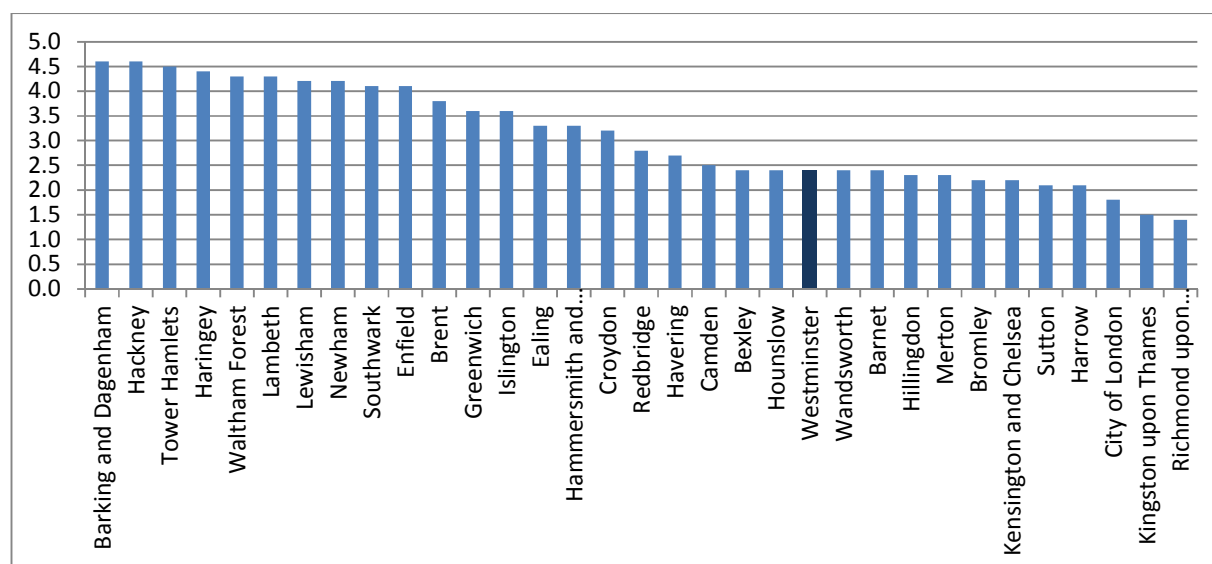
Figure 39: JSA claimant rates



Source: ONS Claimant Counts, 2013.

Westminster has a lower rate of claimants than most other London boroughs showing the level of opportunity in Westminster, and of the robust nature of the economy and workforce in Westminster.

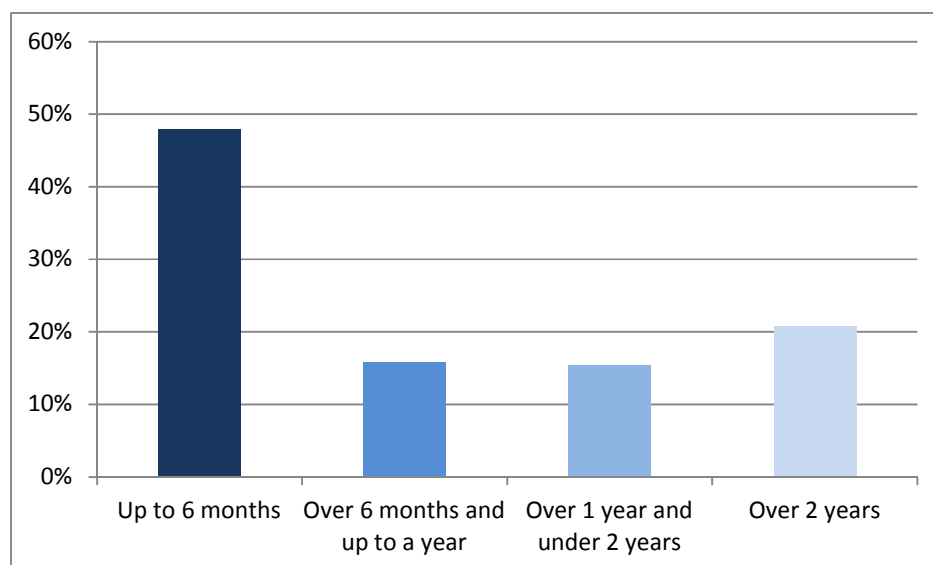
Figure 40 – JSA Claimant Rates across London Boroughs, October 2013



Source: ONS Claimant Counts, 2013

The majority of claimants claim benefits for a short period of time (48% claiming for less than six months in October 2013) suggesting that for most residents, unemployment is not long-term. However, there is a core cohort of people affected by long-term unemployment with 21% of claimants claiming for two years or more.

Figure 41: Proportion of JSA Claimants by Duration of Claim



Source: ONS Claimant Counts, 2013

Local Deprivation

The claimant count statistics show that nearly 40% of claimants are located in just four wards in the north of the city, which are among the most deprived parts of the city.

Table 8: Claimant counts by Ward

| Ward | October 2013 Rate | October 2013 Numbers | % of claimants in each ward |
|-----------------------------|-------------------|----------------------|-----------------------------|
| Queen's Park | 4.7 | 393 | 10.2% |
| Harrow Road | 3.9 | 335 | 8.7% |
| Church Street | 3.8 | 372 | 9.6% |
| Churchill | 3.6 | 296 | 7.7% |
| Westbourne | 2.8 | 300 | 7.8% |
| St James's | 2.4 | 302 | 7.8% |
| Vincent Square | 2.4 | 223 | 5.8% |
| Warwick | 2.1 | 184 | 4.8% |
| Maida Vale | 1.9 | 186 | 4.8% |
| Tachbrook | 1.8 | 149 | 3.9% |
| West End | 1.7 | 140 | 3.6% |
| Bayswater | 1.6 | 135 | 3.5% |
| Little Venice | 1.6 | 129 | 3.3% |
| Lancaster Gate | 1.5 | 185 | 4.8% |
| Bryanston and Dorset Square | 1.4 | 165 | 4.3% |
| Hyde Park | 1.2 | 119 | 3.1% |
| Abbey Road | 0.9 | 84 | 2.2% |
| Marylebone High Street | 0.8 | 77 | 2.0% |
| Regent's Park | 0.6 | 75 | 1.9% |
| Knightsbridge and Belgravia | 0.1 | 13 | 0.3% |

Source: ONS Claimant Counts, 2011

Westminster contains residents at both ends of the wealth spectrum, being home to some of the richest and most deprived communities in London.

There are many measures which give insight into deprivation but the most commonly used measure is the Index of Deprivation, produced by DCLG (Dept of Communities and Local Government). The Index is particularly useful because it takes a broad range of different types of deprivation into account, is produced to a consistent set of standards across England and Wales and is updateable, allowing deprivation to be analysed temporally as well as spatially.

Table 9: Domain Weights in the Index of Deprivation 2010

| Domain | Weight |
|--|--------------|
| Income | 22.5% |
| Employment | 22.5% |
| Health Deprivation & Disability | 13.5% |
| Education ,Skills & Training | 13.5% |
| Barriers to Housing Services | 9.3% |
| Crime | 9.3% |
| Living Environment | 9.3% |

Source: DCLG, 2010 IMDB

The 2010 Index of Deprivation is based on a series of weighted domains which are aggregated from individual data streams to create a comparative score for every Lower Super Output Area (LSOA).

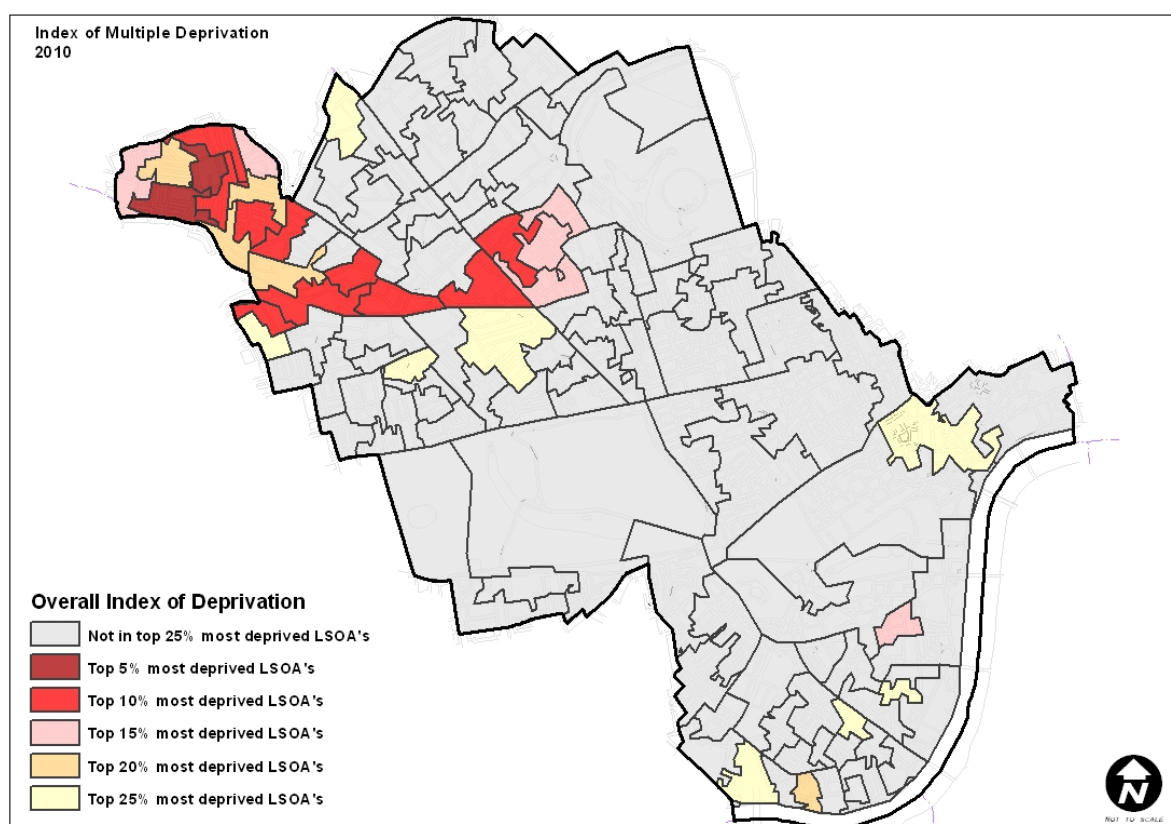
The latest Index of Deprivation data was published in 2010, and many data-sets within it relate to 2008 data, or indeed the 2001 Census and therefore an update from the DCLG is overdue.

In the 2010 Index of Deprivation, Westminster had improved to being the 87th most deprived Local Authority, from being the 72nd of the 326 districts in England in 2007, (39th in 2004).

Compared to the 2007 index, 75% of LSOA's have improved their overall multiple deprivation rank in 2010. The remaining 25% that have worsened are found in 12 of the wards with the worst found in Lancaster Gate (Ward boundaries can be seen in Appendix 2).

The combined index shows that at the Lower Super Output Area level, deprivation is mainly confined to the North West Wards, Church Street and to small pockets within the South (Map 6).

Map 2: SOA's Experiencing Multiple Deprivation in Westminster



Source: CLG, Index of Multiple Deprivation 2010

50% of the 'deprived' population lives in just 5 wards: Church Street, Westbourne, Queens' Park, Harrow Road and St James's Park (in descending order of numbers). Within those wards it is possible to identify still further pockets of the most intense deprivation, and focus resources on worklessness programmes. The other 50% of deprived residents live in pockets of deprivation scattered throughout the rest of the City.

Deprivation levels involving children are uniquely problematic. Wards with the highest concentration of children, are also the most deprived and overall almost two in five Westminster children live in a household reliant on benefits. Westminster also contains the single most deprived SOA in England for "Children Affected by Income Deprivation", which is situated in Queen's Park.

Table 10: Numbers of individuals experiencing deprivation

| Ward | No. of Working Age People on at least one benefit | No. of Children aged 0-15 in Income Deprived Households | No. of Older People aged 60+ in Income Deprived Households | Total | % of Westminster's Deprived Population |
|-----------------------------|---|---|--|---------------|--|
| Church Street | 2,270 | 1,565 | 721 | 4,556 | 11.9% |
| Westbourne | 2,200 | 1,687 | 623 | 4,491 | 11.7% |
| Queen's Park | 2,195 | 1,674 | 633 | 3,532 | 9.2% |
| Harrow Road | 1,825 | 1,071 | 502 | 3,527 | 9.2% |
| St. James's | 1,305 | 296 | 248 | 3,346 | 8.7% |
| Churchill | 1,280 | 789 | 355 | 1,968 | 5.1% |
| Maida Vale | 1,070 | 590 | 313 | 1,940 | 5.1% |
| Vincent Square | 1,050 | 382 | 319 | 1,784 | 4.6% |
| Hyde Park | 985 | 256 | 272 | 1,613 | 4.2% |
| Little Venice | 935 | 481 | 308 | 1,583 | 4.1% |
| Lancaster Gate | 915 | 329 | 335 | 1,425 | 3.7% |
| Regent's Park | 875 | 361 | 474 | 1,407 | 3.7% |
| Bayswater | 865 | 217 | 270 | 1,299 | 3.4% |
| Warwick | 785 | 261 | 251 | 1,210 | 3.1% |
| Bryanston and Dorset Square | 760 | 138 | 216 | 1,174 | 3.1% |
| West End | 730 | 123 | 249 | 1,067 | 2.8% |
| Tachbrook | 635 | 221 | 315 | 936 | 2.4% |
| Abbey Road | 520 | 183 | 266 | 853 | 2.2% |
| Marylebone High Street | 360 | 106 | 174 | 565 | 1.5% |
| Knightsbridge and Belgravia | 70 | 22 | 38 | 137 | 0.4% |
| Total | 21,630 | 10752 | 6882 | 38,413 | 100% |

Source: WCC – derived from CLG, Index of Multiple Deprivation 2010

Daytime Population

Aside from the 230,000 residents, the population of Westminster over the course of a typical working day is boosted by a further 600,000³ workers and 260,000⁴ tourists, giving a daytime population estimate of around 1.1 million people.

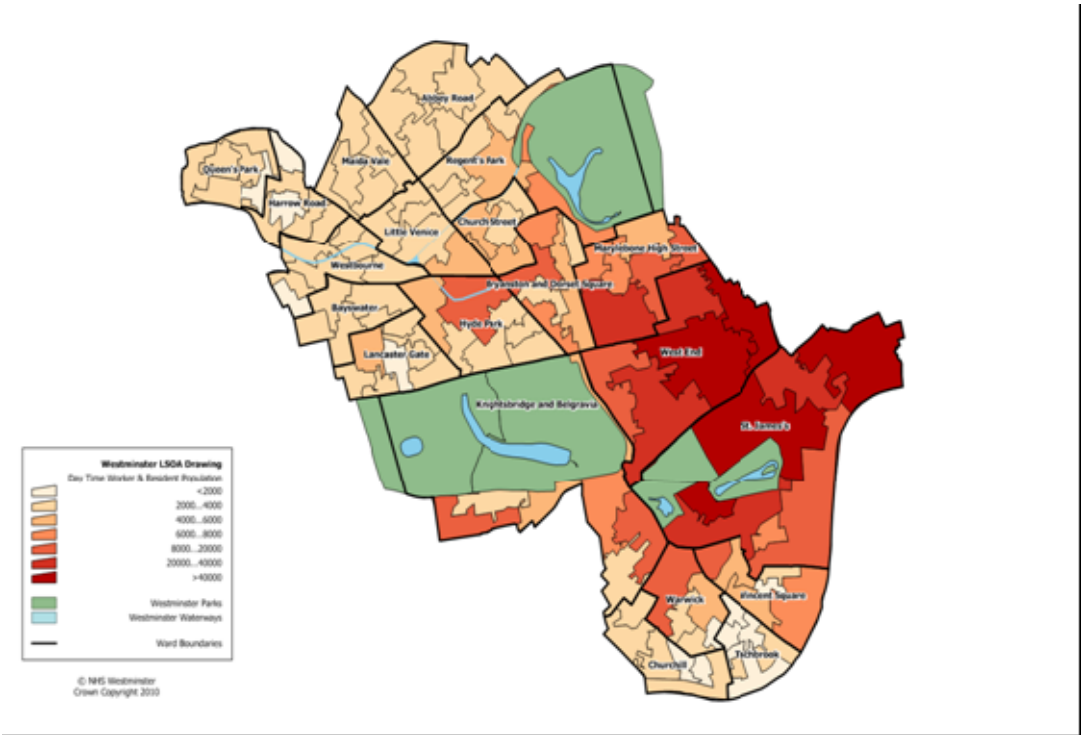
Westminster has 40% of London's hotels and guesthouses, as well international attractions such as Buckingham Palace, the Houses of Parliament, Westminster Abbey, London Zoo, National Gallery, Tate Britain, and the National Portrait Gallery.

West End and St James's are particularly busy areas containing the bulk of both workplaces and tourist sites within the City. Pressures on these areas are considerable at both day-time and night-time as shown in both Figure 38 and 39.

³ Source WCC – Derived from BRES 2012, 650,000 workers. Census data suggests around 50,000 will also be residents

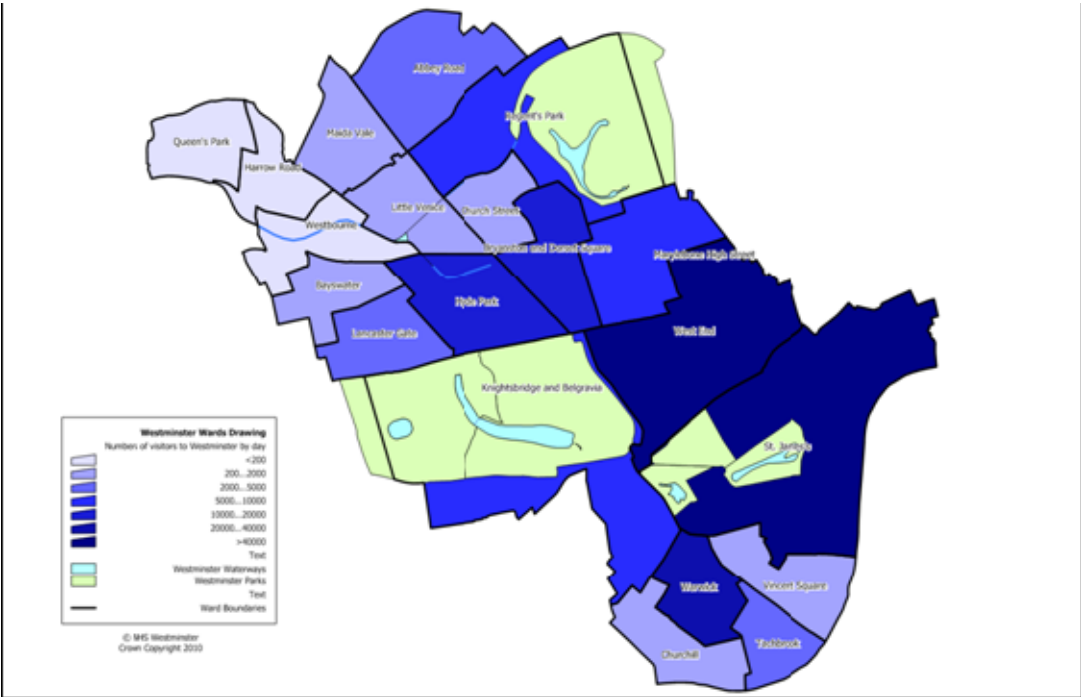
⁴ Source WCC – Derived from 3hr+ day visitors + night visitors. LDA Local Tourism Model 2006

Figure 42: Distribution of Daytime Population in Westminster



Source: City of Westminster Model, 2010

Figure 43: Distribution of Night- Time Population in Westminster



Source: City of Westminster Model, 2010

Day time estimates at the Local Authority level need to be modelled estimates because there is no comprehensive mechanism to count them. Sporadic footfall counts and visitor attraction numbers exist, but there is little to tie them all together comprehensively. In addition, many people will move across borough borders (especially with Camden and the West End) during the course of the day.

Westminster estimates are therefore based on fairly robust data returned by businesses on workers matched to workplaces and more modelled figures around tourists.

The London Development Agency's Local Area Tourism Impact model for Westminster published in 2006 estimated that each day around 254,000 tourists are in the City, which have attributed to individual areas within the City using Transport for London (TfL) station data. The TfL data also allows us to make estimates around the population at different times of day. The type of cultural opportunities and attractions that Westminster offers means that there is much less seasonality in the day time population.

Local Authority settlement indicators used by the CLG suggests that Westminster experiences over 46 million day visitors and 22 million overnight foreign visitors annually, over twice that of any other London or metropolitan borough in both cases. These exceptionally high figures add considerably to the diversity of the population present at any given time, and present challenges of their own around providing effective services to businesses.

For example Westminster street cleaning contractors currently collect some 20,000 tonnes of street litter annually. We are able to associate intensity of street cleaning activity with an estimate of the proportion of litter likely to be created by non-residents, and have calculated from the daytime population model that some 77% of total street cleansing costs, based on daytime population estimates are entirely caused by the need to clean up after non-residents. This means that Westminster effectively pays an extra £13.7 million per year to maintain an environment which allows businesses to operate successfully and does not deter tourists from visiting.

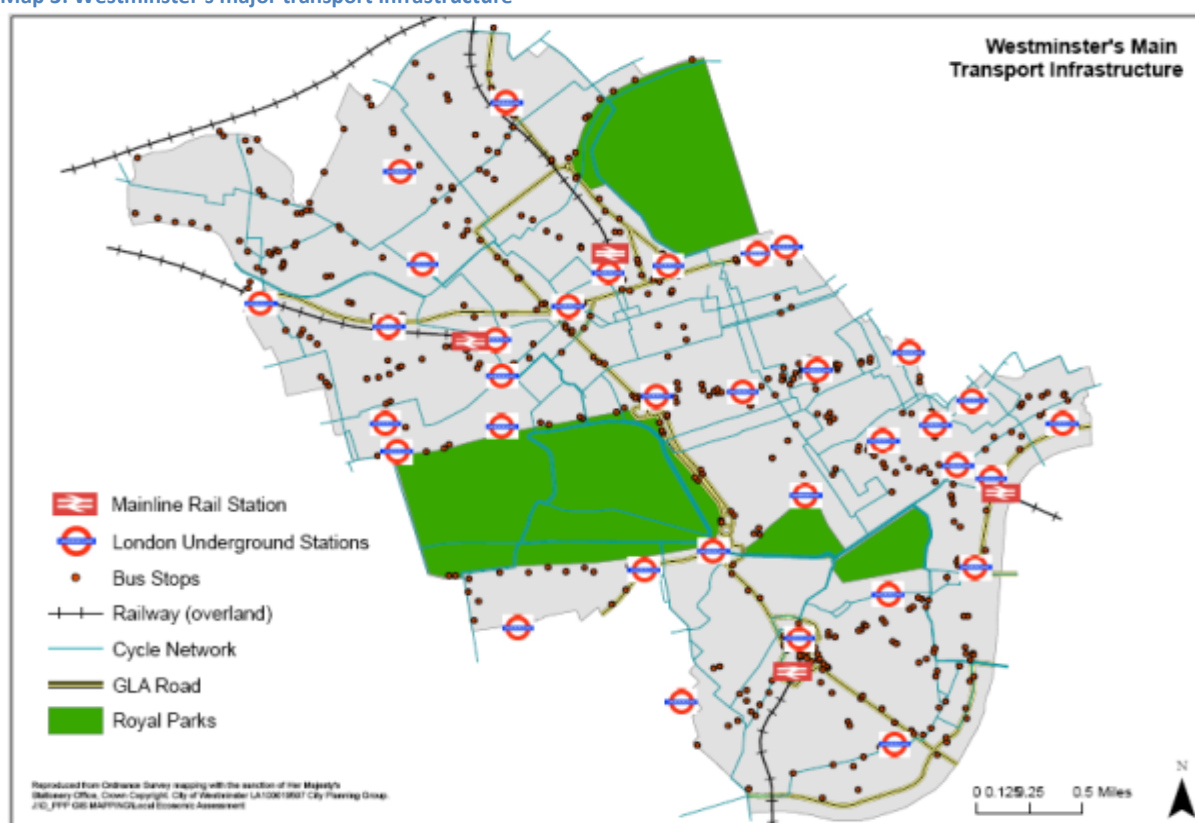
Travel to Work

Transportation and Connectivity

One of Westminster's greatest strengths underpinning the economy is its accessibility and general connectivity both within the borough and to greater London as a whole, and to surrounding parts of the south east.

There are four main rail termini, and ten of the twelve London Underground lines run through Westminster, serving 32 stations in the borough. In addition, four piers have river boat commuter services, and around 80 bus routes run through Westminster.

Map 3: Westminster's major transport infrastructure

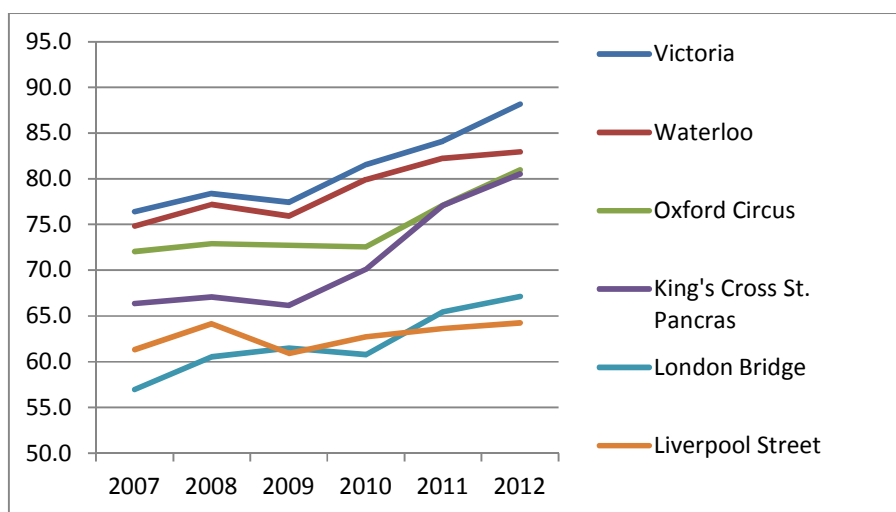


Source: City of Westminster, 2011

Busiest London Underground Stations (TFL, 2007-2012):

Westminster has four of the ten busiest London Underground stations in London (Victoria, Oxford Circus, Paddington and Piccadilly Circus). Victoria is the busiest station, serving around 82 million passengers every year. In total, stations in Westminster handle over 600 million passengers a year (2012), with the top 10 busiest stations serving over 448 million passengers.

Figure 44: Busiest London Underground Stations (TFL, 2007-2012)

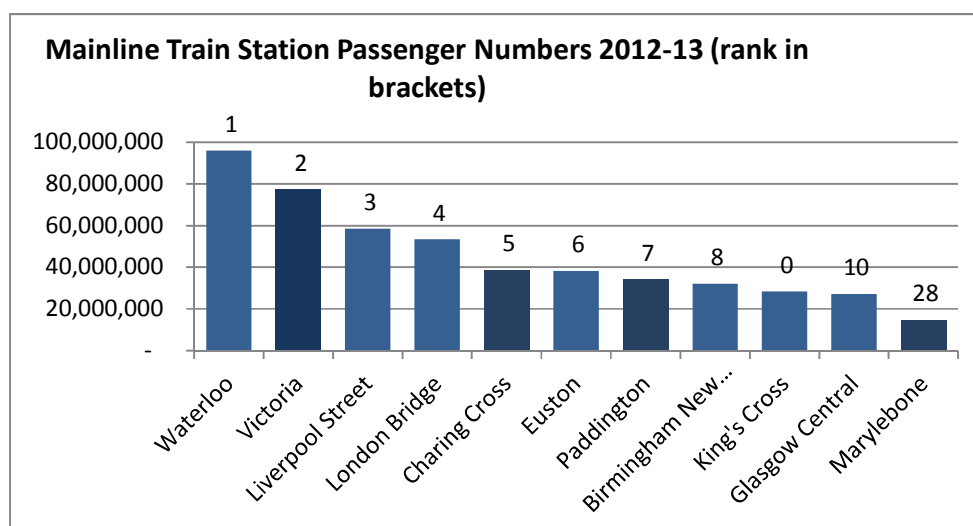


Source: Transport for London, 2012

Busiest Mainline Stations (ORR, 2012-2013):

Westminster contains three of the ten busiest mainline train stations in the country (ORR, 2012-2013): Victoria (2nd with 77 million passengers), Charing Cross (5th with 39 million passengers), and Paddington (7th with 34 million passengers). The country's busiest station is Waterloo, with 94 million passengers. In addition, Westminster also contains the smaller Marylebone station, which is still in the top thirty busiest stations in the UK. In total, Westminster's four mainline stations handle over 155 million passengers per year (2012).

Figure 45: Busiest Mainline Rail Stations (2012-2013)



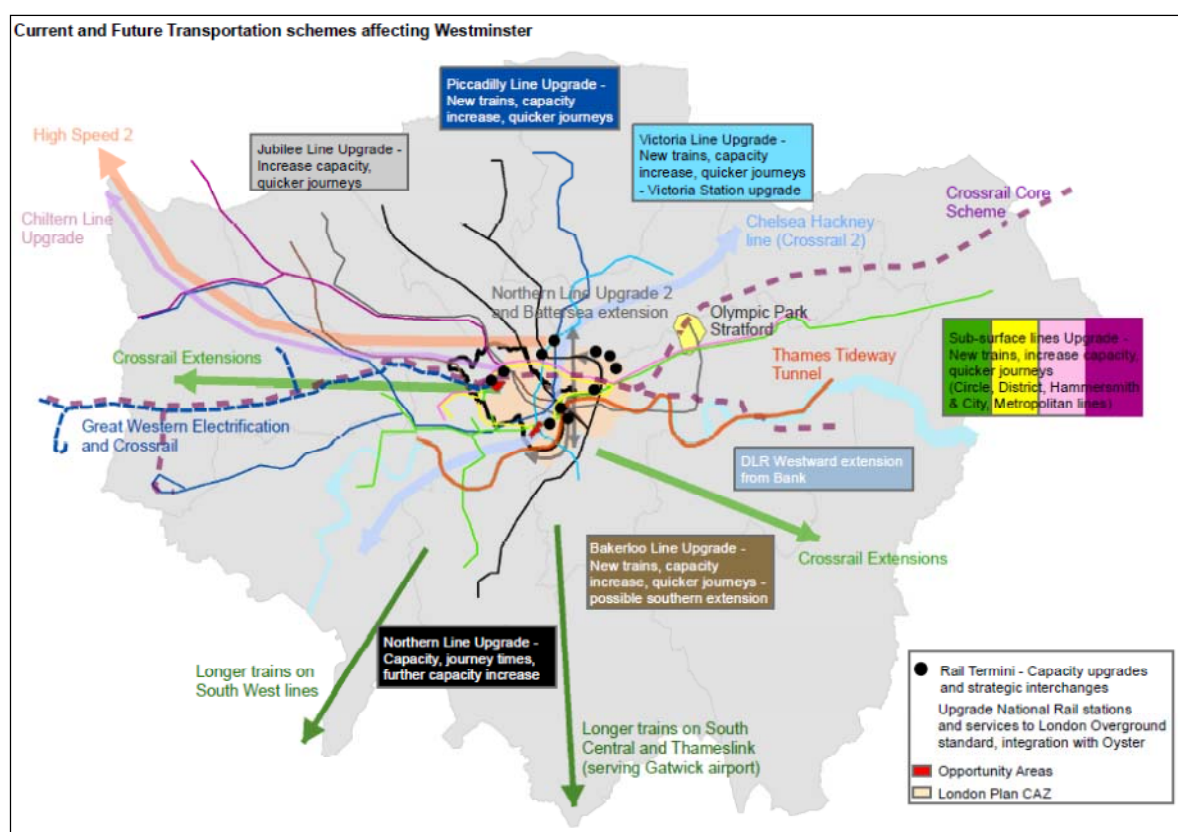
Source: Office of Rail Regulation, 2014

Future Infrastructure Works

The growing population and age of existing transportation infrastructure means that constant investment and improvement in networks is required. A detailed assessment and list of infrastructure requirements, including funding arrangements can be found in the Infrastructure Delivery Plan accompanying the Council's Community Infrastructure Levy preliminary draft charging schedule, to be published in 2014.

Map 4 shows current and future transportation schemes relevant to Westminster. These schemes include capacity increase schemes on mainline railways, upgrades on tube lines, high speed rail upgrades, and station improvements. In addition to these improvements, the construction of Crossrail line 1 has now begun, Crossrail line 2 is a further potential scheme, in addition to other schemes such as the Cross River Tram amongst others.

Map 4: Current and Future Transportation schemes



Source: Westminster Council I&I 2010

Travel to Work

Table 11: Method of Travel to Work – All workers in Westminster & London, Census 2001

| | Westminster | London |
|--------------------------------------|-------------|--------|
| Underground, Metro, Light Rail, Tram | 33% | 23% |
| On Foot | 20% | 9% |
| Bus, Minibus or Coach | 15% | 14% |
| Driving a Car or Van | 9% | 28% |
| Work Mainly at or From Home | 9% | 5% |
| Bicycle | 5% | 4% |
| Train | 5% | 13% |
| Taxi | 1% | 1% |
| Other Method of Travel to Work | 1% | 1% |
| Motorcycle, Scooter or Moped | 1% | 1% |
| Passenger in a Car or Van | 1% | 2% |

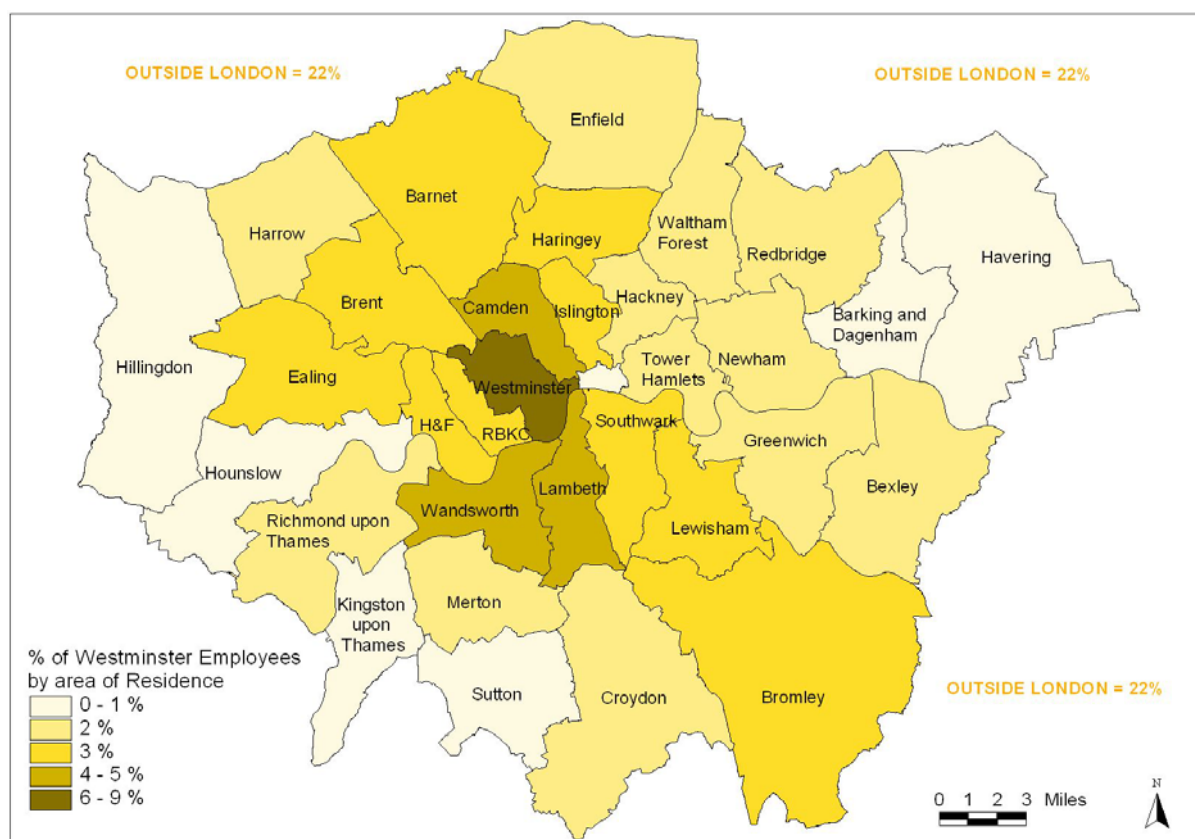
Source: Census, 2011

Given the exceptional nature of public transport connections within Westminster discussed above, it is unsurprising that public transport accounts for over three-quarters of workers main means of travelling to work. This is particularly stark when compared to the overall London figures where driving is still the single most significant mode of transportation, while travel by foot is significantly lower than in Westminster.

The above figures have changed considerably when compared to the results of the 2001 Census. Over the ten year period, the congestion charge zone has been brought in and there are an increasing number of cycling schemes, most of which are very recent or current and therefore are more likely to be reflected in the next census in 2021.

The changes have included a drop in the use of underground and driving, and substantial increases in walking (15% increase), cycling (3% increase) and working from home (7% increase), reflecting improvements in these transport options, changes in societal behavior and attitudes, and also changes in working patterns and methods with an increase in flexible working.

Map 5: Percentage of Westminster Employees by area of residence

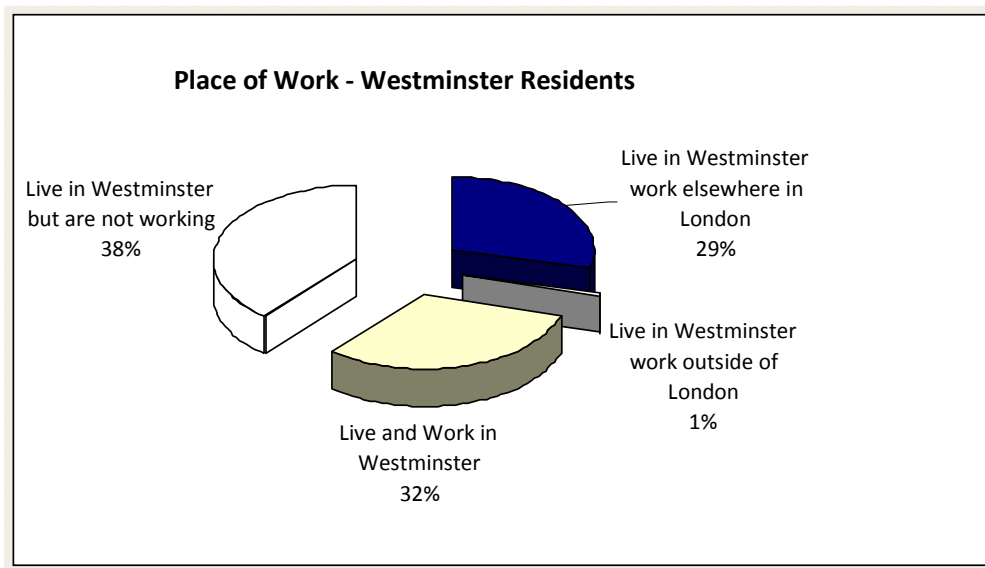


Source: ONS 2001

Similar data is also available taking Westminster residents of working age as a basis for analysis (unfortunately in the 2001 Census 65-74's were included in working age table breakdowns), however data is not yet available from the 2011 Census. Results are shown in Figure 46, the most striking although not unexpected finding being the very low numbers of residents who commute anywhere outside of London for their main place of work.

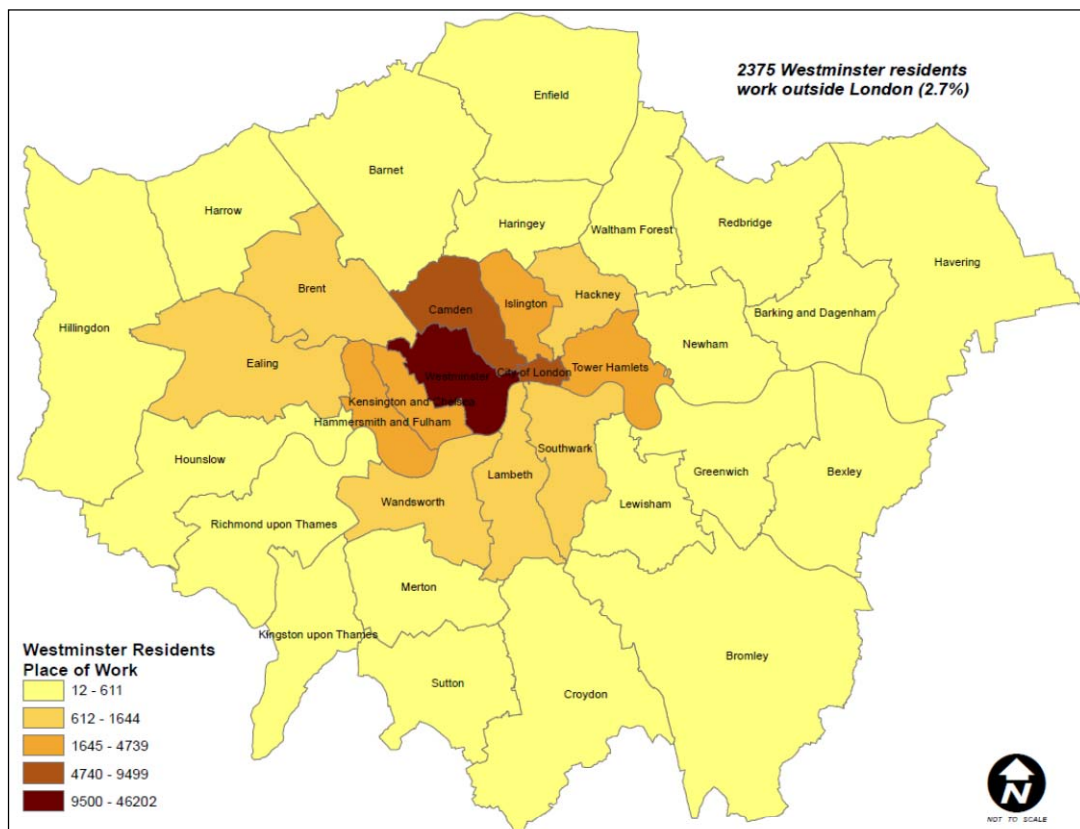
Of those residents who are in employment, over 50% work in Westminster followed by residents who undertake short commutes to the City of London, Camden and Kensington and Chelsea. It is likely that in choosing to live in Westminster, residents have placed more emphasis on living in close proximity to workplaces than would perhaps be true elsewhere. Altogether, 70% of residents of working age (combining those who live and work in the City and those who live in the City but do not work) remain within Westminster through normal working days.

Figure 46: Places of work for Westminster residents aged 16-74



Source: ONS Census 2001 (Table T10)

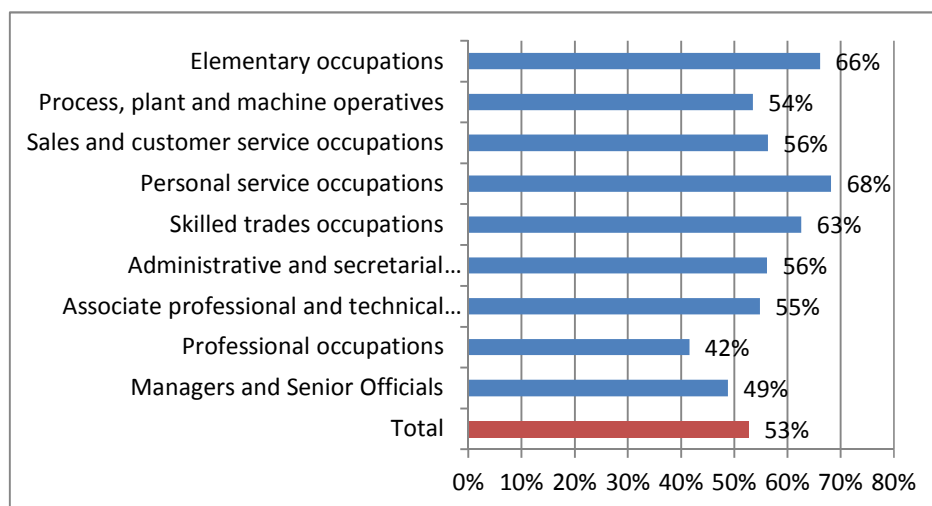
Map 6: Borough of work for working Westminster residents



Source: ONS Census 2001

Interestingly workers at the likely highest earning end of the income spectrum are those least likely to live in Westminster – although figures are high across the board. Many jobs in Westminster which require unsocial hours, particularly in sectors such as hospitality are likely to be suitable only for people who also live locally.

Figure 47: Destination of working Westminster residents by occupation



Source: ONS Census 2001 (Table T05)

3 – Land and Property

Key Statistics

- Average House Price of £752,000.
- Median 2-bed private rent of £600/pw.
- Median Household Income of £38,000.
- Housing market of extremes.
- Office Rents rising.
- Office Vacancies falling, lower than the 8% benchmark.
- Retail Rents rising to record levels, vacancies very low.
- Retail Spend Increasing.
- Limited Development Opportunities.
- Heritage and conservation as an asset and constraint.
- Excellent public transport and accessibility.

Chapter 3 Summary: Land and Property

The land and property markets in Westminster are complex and varied across different parts of the city. Underpinning land and property is the extensive transportation network, with excellent connectivity through public transport within London and to the wider south east, other parts of the country, and to the rest of the world through airport connections. However, congestion and overcrowding is an issue, meaning that investment and capacity increases are an ongoing necessity. Current major projects such as Crossrail line 1 are aimed at meeting this demand.

Westminster has some of the highest house prices in the country, and a unique tenure mix. The super-prime housing market is a feature of Westminster, as shown by recent developments including 100 Knightsbridge (although most prime and super prime sales are second hand), and is a market which has been sustained through the recession period, as a haven for international investment. Paradoxically, the North Westminster Economic Development Area, and some parts in the south of Westminster contain very deprived areas, with low household incomes making affordability a key issue.

The commercial markets are also showing interesting trends. Westminster has a very large office and retail stock, along with a world renowned entertainment and night time economy. Office rents in Westminster are the highest in London, with low vacancy rates and an ongoing demand for a presence in prime West End locations. The recovery from the recession period has been fast and substantial.

The retail sector has also recovered very quickly from the recession and overall spend in the West End has increased, buoyed by foreign visitors. Retail rents on Bond Street are the highest in the country and many parts of Westminster have experienced significant rental growth in recent years coupled with low vacancy rates and high demand for space, particularly in the prime West End. In both office and retail there are distinct markets in different parts of the city, serving everything from multinational corporations down to local residents, which is a key feature and strength of Westminster's commercial economy. There is the potential for some fairly major redevelopments in Westminster as illustrated,

which will provide new homes and jobs. However space and available sites are very limited in the city, meaning it can take a number of years for schemes to be built.

Chapter 3 SWOT Analysis

| | |
|---|---|
| <p>Strengths</p> <ul style="list-style-type: none"> ▪ Robust, growing housing market, seen as an investment. ▪ Low vacancy rates for office and retail uses, with high rents and demand. ▪ Considerable high quality, flexible commercial stock in both office and retail. ▪ Desirable office and retail location with international demand. ▪ Excellent connectivity and accessibility. ▪ Internationally renowned shopping brand and location. ▪ High yields and profits. ▪ Heritage and built environment of a very high quality. | <p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Congestion and overcrowding on public transport and in public realm. ▪ Need for constant upgrades, capacity increases to transport network. ▪ Affordability issues in housing, office rents for some sectors. ▪ Residential sometimes left unoccupied for long periods, bought as an investment. ▪ International competition for space, affect on independent business and long term clusters. ▪ Limited redevelopment/ regeneration opportunities. ▪ Complex land ownership structures. ▪ Pollution and air quality. ▪ Lack of affordable workspace and on site affordable housing. |
| <p>Opportunities</p> <ul style="list-style-type: none"> ▪ Development in Westminster is profitable and viable. ▪ Wider benefits accrued from business rates and development. ▪ Trickle down effect of regeneration and development to wider communities. ▪ For business to reinvest in land and the wider area to benefit themselves and communities. ▪ Public sector squeeze and decline of some industries gives opportunities for other industries to grow in their place. ▪ Identified opportunity/ development sites. ▪ Crossrail and other infrastructure improvements. | <p>Threats</p> <ul style="list-style-type: none"> ▪ Changing retail practices; online, click and collect etc. ▪ Price inflation of consumer goods due to location. ▪ Development opportunities constrained and take time to be realised. ▪ Public sector cuts affecting local services, city management. ▪ Reliance on foreign investment in industry, and foreign buyers for property and other services. ▪ Deregulation of the planning system and permitted development rights. ▪ Office to residential conversions. |

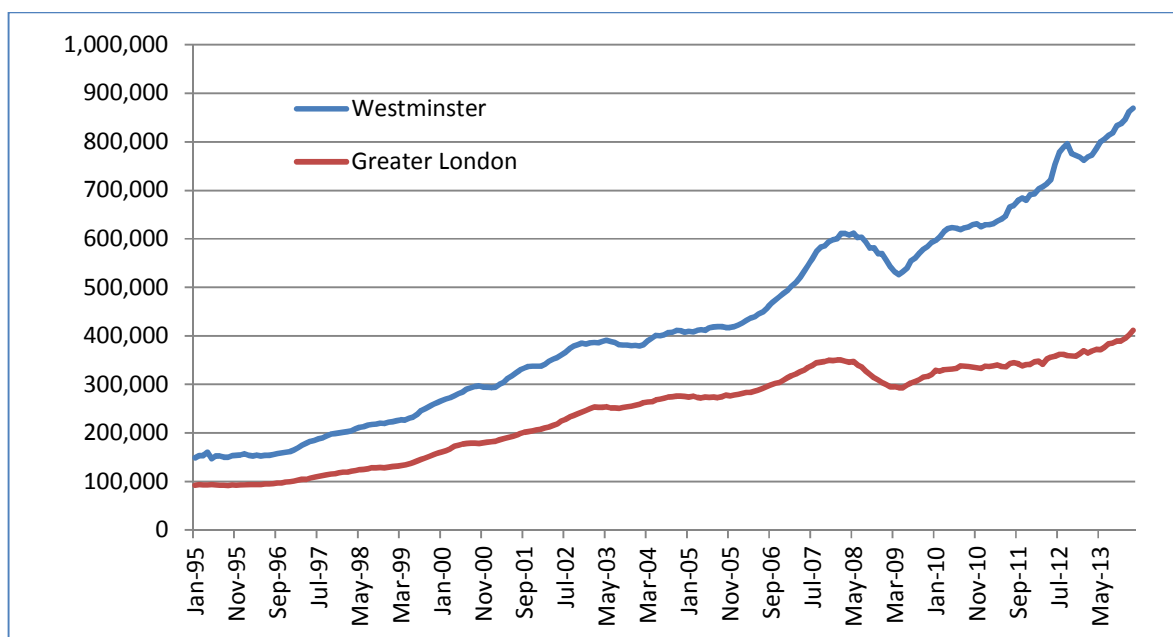
Residential Property Market

As the second most expensive borough in the country, housing affordability is one of the biggest issues facing Westminster residents. Although house building volumes regularly meet annual targets, demand consistently outstrips supply – particularly for affordable housing.

The average price of a two bed flat in Westminster tops half a million and a two bed house over £1 million (Hometrack, 2014). The average house price in London is considerably below this level at £470,000 (Hometrack, 2014). Although the affordability issues in Central London are clear to see when compared to the national average house price across England and Wales which at February 2014 stood at £170,000 (Land Registry, 2014).

Looking over the longer term, average house prices rose steadily from 1995 onwards, with substantial increases between 2005 and 2008, by which time the average was double the figure for London. The sharp increase in average prices across Greater London prior to the recession in 2008 was less pronounced than in Westminster, although the fall in prices locally and regionally post-2008 can be seen in both areas. The recession had less of an impact in Westminster than in other parts of the country although after 2008 average house prices were still over half a million, peaking in January 2014 at over £800,000.

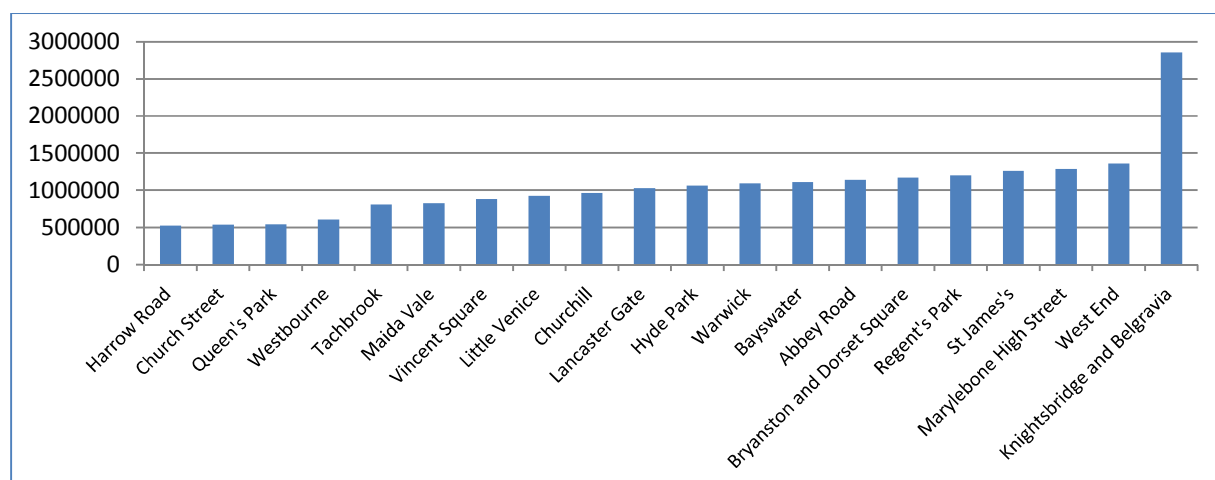
Figure 48: Average House Prices 1995-2014⁸



Source: Hometrack, 2014

There is considerable variation of average house prices by ward, as shown by the graph below. Knightsbridge and Belgravia is by far the most expensive ward, the remaining varies between £520,000 and £1.4million.

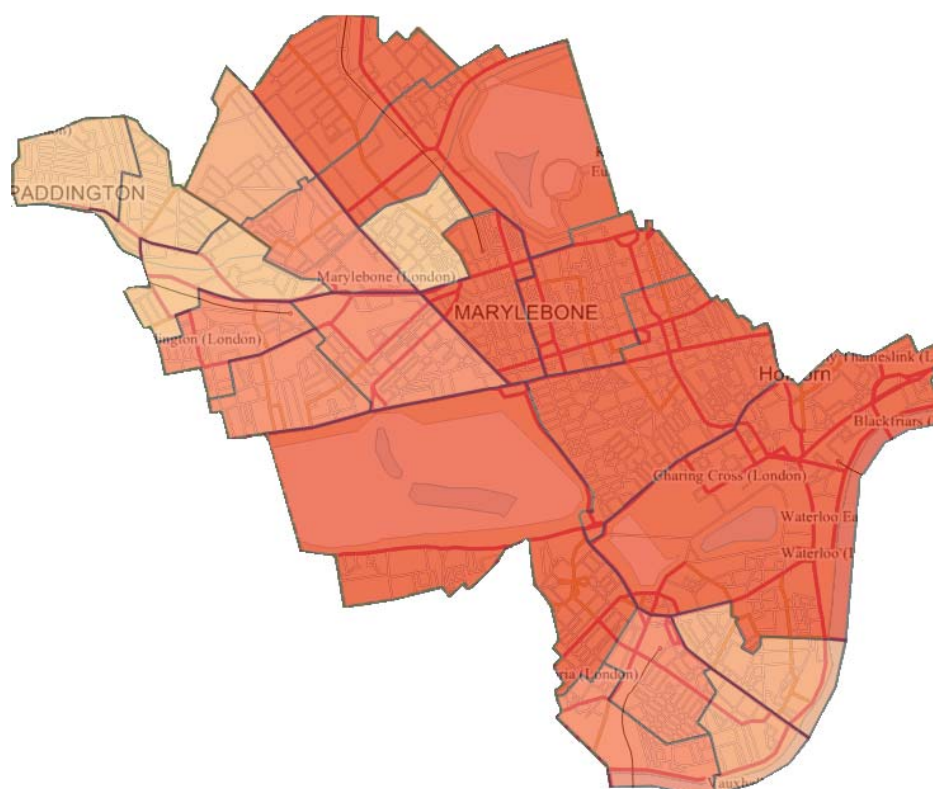
Figure 49: Average House Prices by Ward in Westminster, 2014



Source: Hometrack, 2014

The map below shows the data in the graph and illustrates how the less expensive areas are in the south west and north-west of the borough.

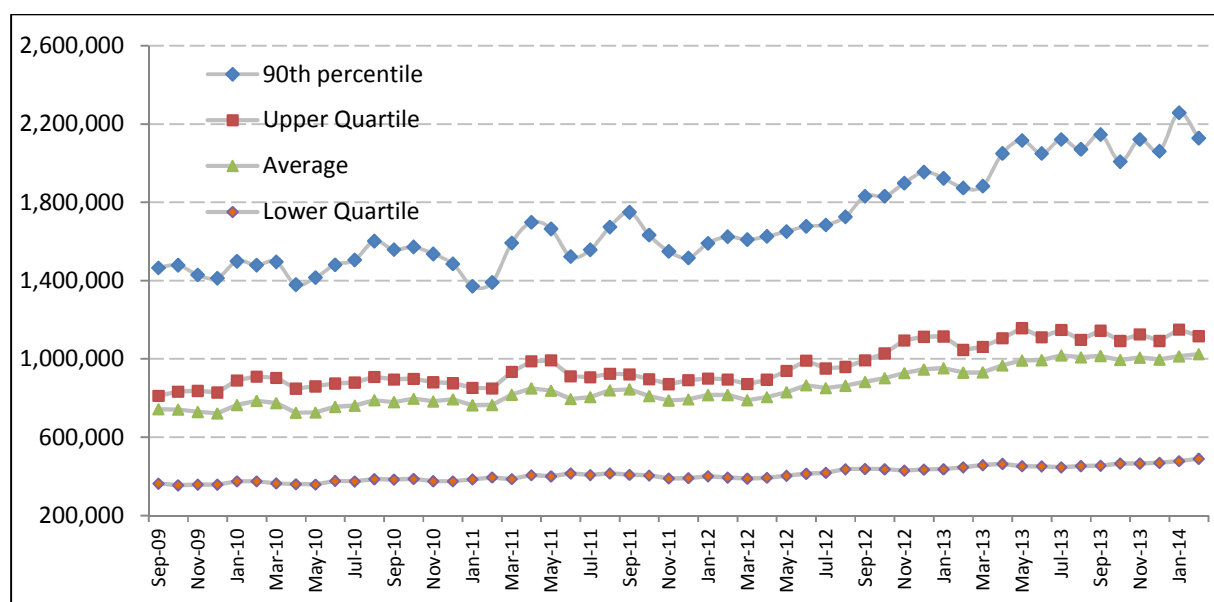
Figure 50: Average House Price by Ward



Source: Hometrack 2013-2014

There is considerable variation within Westminster's housing market, as shown by the significant difference between the average prices of the lower quartile and the upper quartile. However, the average lower quartile price is still nearly £480,000, while the size and significance of Westminster's super prime sales sector is illustrated by the 90th percentile average price of over £2.2 million.

Figure 51: Average House Prices in Westminster



Source: Hometrack, 2014

Westminster's prime market is considered to comprise properties over £2million in sales value, which made up around 8% of all sales in between 2003 and 2013, but over 40% of the total *value* of sales (Ramidus, 2014). The prime housing market in Westminster contributes to the national economy in terms of stamp duty, Westminster as a whole collects more stamp duty land tax than the 29 largest local authorities put together (Ramidus, 2014). Additionally individual prime property owners have a significant impact on the local/regional economy in terms of luxury goods and services and are estimated to contribute over £2.3 billion per year to London's (and the wider) economy (Ramidus, 2014).

Residential property market - renting

Rental prices are also very high within Westminster, with the median weekly rent for a family sized property at £895, double that of Greater London. Housing association rent is more consistent with London levels, but almost all other categories shown in the table below are over 50% greater than the rents levels for Greater London.

Figure 52: Weekly Rental Costs (£)

| | Greater London | Westminster | Greater London | Westminster | Greater London | Westminster | Greater London | Westminster |
|---------------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| | 1 bed | | 2 bed | | 3 bed | | 4 bed | |
| Housing Association Rent | 83 | 96 | 97 | 109 | 111 | 119 | | |
| Private - 30th Percentile | 240 | 375 | 300 | 500 | 346 | 725 | 460 | 1000 |
| Private - 80% Median | 238 | 340 | 292 | 480 | 350 | 716 | 460 | 1119 |
| Private - Median | 298 | 425 | 365 | 600 | 437 | 895 | 575 | 1399 |
| Private - Upper Quartile | 375 | 525 | 495 | 775 | 623 | 1275 | 785 | 1950 |

Source: Hometrack, 2014

Housing Tenure

Traditionally tenure in Westminster has been fairly evenly split between owner occupiers, private renters and social renters a third each way each at approximately 33% each. The 2011 Census revealed a shift towards more private renting (now at 40%) with an associated contraction in the social rented sector to 26%, leaving owner occupation at around the 30% mark. This is a different tenure structure compared to London as a whole, where owner occupation dominates at 50%, followed by social and private renting accounting for around 25% each.

Figure 53: Housing Tenure, Westminster and London

| Tenure | Westminster | London |
|--|-------------|--------|
| Owned (including outright, with a mortgage and shared ownership) | 31% | 50% |
| Social rented | 26% | 24% |
| Private rented | 40% | 25% |
| Living rent free | 3% | 1% |

Source: Census 2011

The changes in tenure structure between two most recent Censuses are shown in the graph below, illustrating the considerable rise in private renting, and associated drops in both owner occupation and social renting.

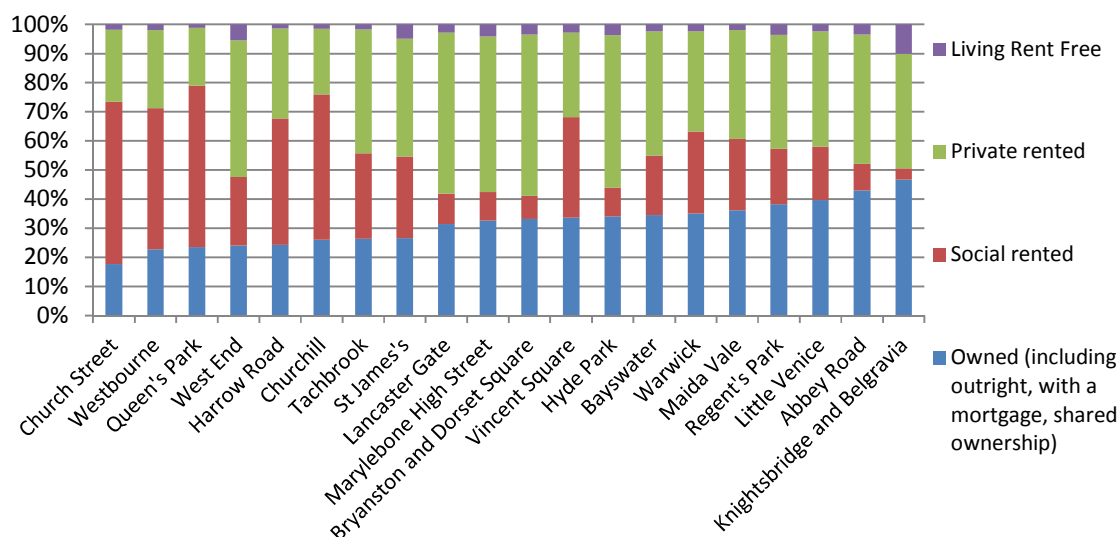
Figure 54: Change in Tenure between 2001 and 2011



Source: Census 2001 and 2011

There is considerable variation in tenure structure within Westminster, with ownership much lower in the more deprived wards (Church Street, Westbourne, Queen's Park) where social renting is the dominant tenure. Ownership is highest in the wards which also have the highest house prices – Knightsbridge & Belgravia having the highest percentage. Expensive areas with a high percentage of owner occupation also have a low percentage of social rented housing. The large private rented sector across Westminster is a unique characteristic, and is one likely to be affected by the limited supply of housing, and by high house prices, causing many to rent privately, which is a feature of many of the more central wards.

Figure 55: Housing Tenure by Ward



Source: Census 2011

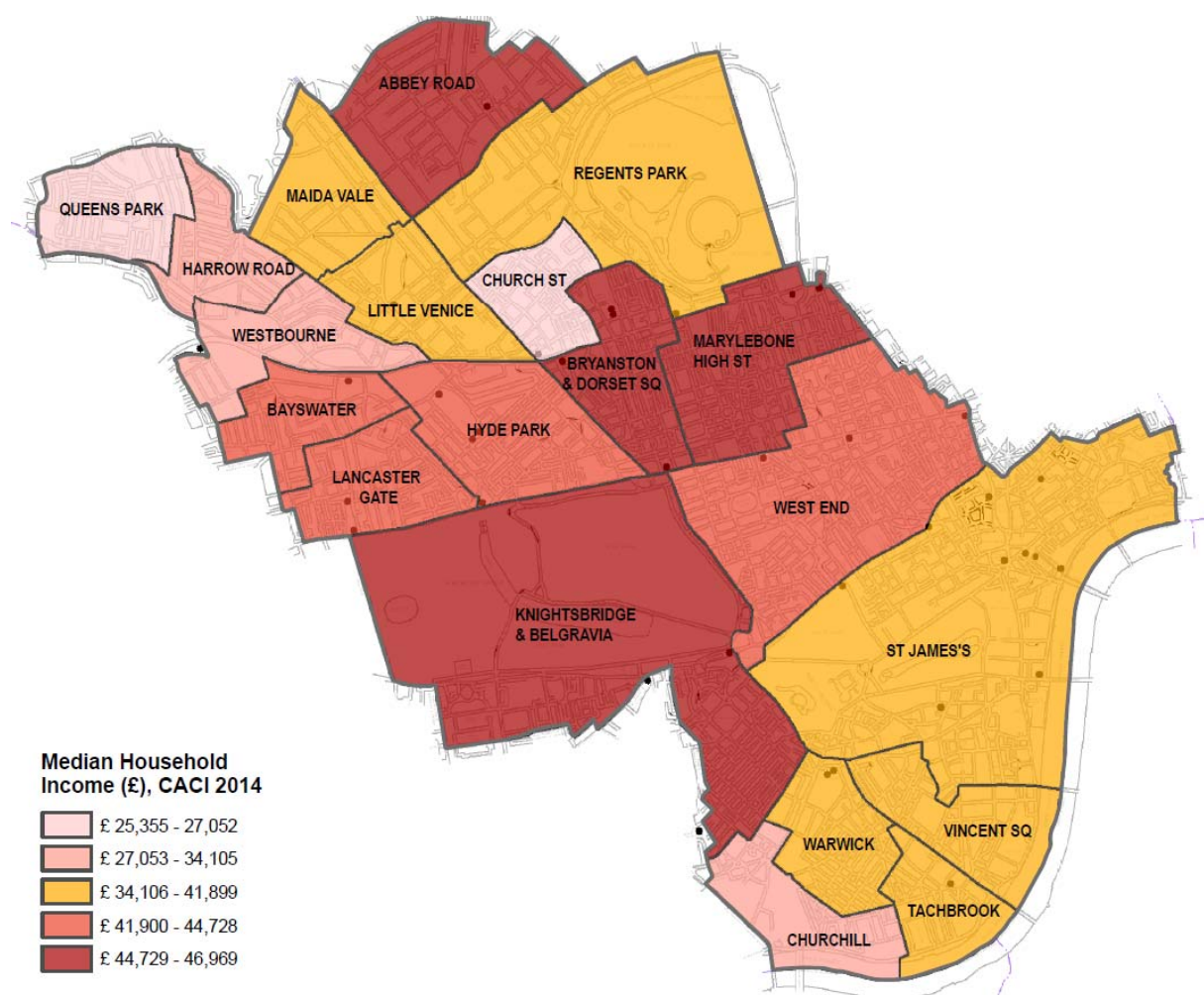
Affordability and Household Income

Affordability is the key issue concerning house prices, as the median household income for Westminster residents is around £38,600 (CACI, 2014).

- Westminster house price to earnings ratio is 22.8:1
- Lower quartile price to earnings ratio is 20.7:1

The income distribution data shows clear spatial variations across Westminster's Wards. The median household income is highest in the wards with the highest house prices, such as Knightsbridge and Belgravia and Marylebone High Street. A majority of the wards beyond the top few have median household incomes around £40,000- £45,000.

Map 7: Median Household Income across Westminster Wards

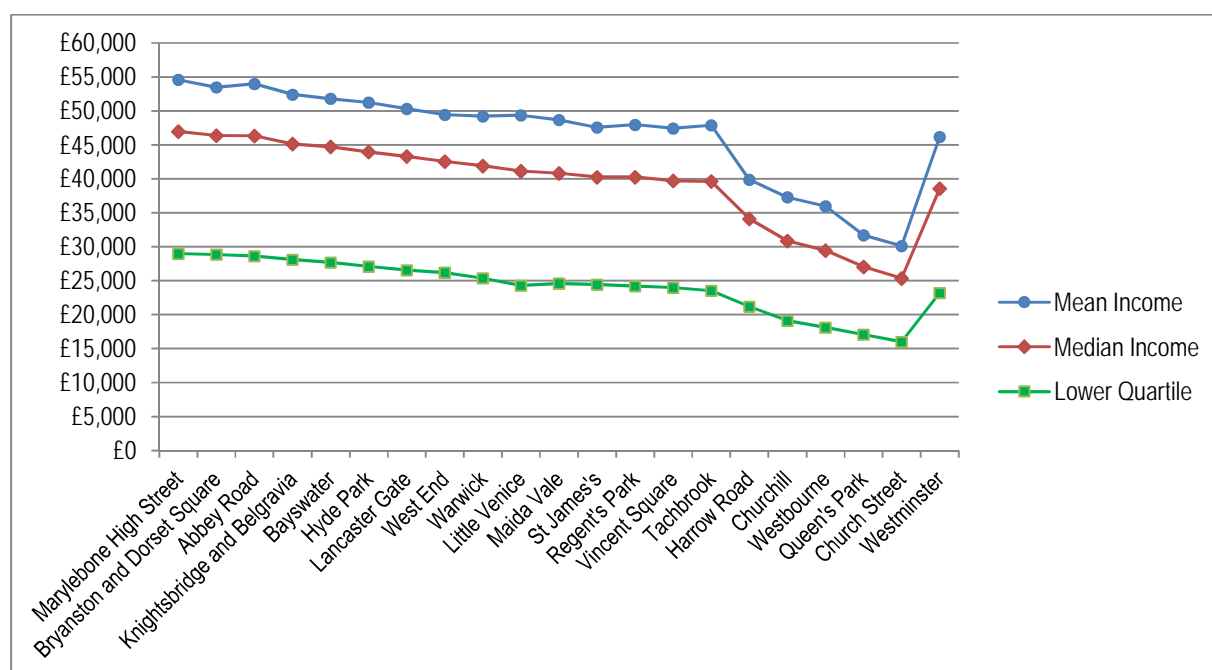


Source: Data from CACI, 2014

However, there are five wards where the household income is considerably lower than all the rest. Four of these wards are in the north west of Westminster in the NWEDA (Harrow Road, Queen's Park, Westbourne, Church Street), again highlighting some of the issues facing this area. The median income falls as low as £25,000 in Church Street, this is £13,000 less than the overall median income for Westminster, however this does represent an improvement of £2000 in Church Street since 2010.

In addition, the lower quartile income in these areas is very low, again being lowest in Church Street where it is only £15,500, well below the Westminster average for the lower quartile of £23,000.

Figure 56: Household Income by Ward (sorted by median household income)



Source: CACI 2014

Compared to London and Great Britain, Westminster has average incomes well above average (mean and median). The Lower Quartile income is also higher than average. However this has to be put into context as discussed, in terms of high house prices, private rents, and issues over housing supply.

Table 12: Household Income: Westminster, London, GB

| Ward Name | Households | Mean Income | Median Income | Lower Quartile |
|-------------|------------|-------------|---------------|----------------|
| Westminster | 110,669 | £46,179 | £38,567 | £23,215 |
| London | 3,410,136 | £40,476 | £33,894 | £20,845 |
| GB | 26,378,446 | £34,000 | £27,805 | £17,176 |

Source: CACI, 2014

Commercial Property Markets

Offices

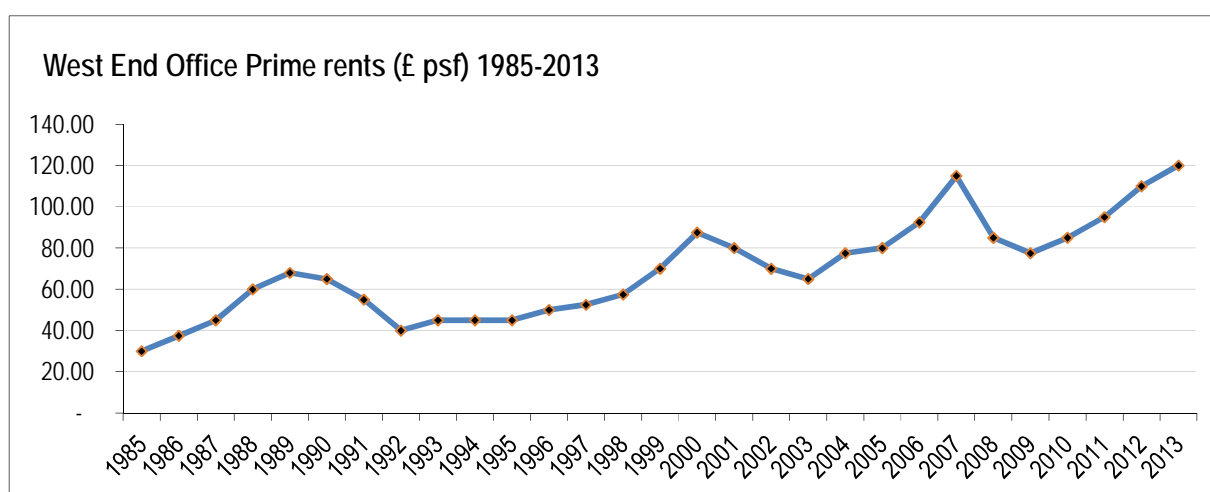
Westminster is the largest office market in the UK, with over 9 million sqm of office floor space, compared to the City of London stock of 7.5 million sqm. The size and importance of the office market in Westminster has already been illustrated as shown by the number of commercial enterprises and employees in Westminster, and by the massive volumes of business rates generated by offices in Westminster. Significant gains in office floor space have been made over the last decade, especially in the Paddington Opportunity Area, which has been a major office development area for both Westminster and London.

A very significant characteristic of the Westminster office market is the variety of stock, which is not a characteristic shared by other major office centres such as Canary Wharf. Westminster has a very significant small office market in areas such as Soho, Mayfair and St James's, and significant amounts of flexible office space, to go alongside the larger office floor plates found in areas such as Paddington and Victoria. The importance of this has been illustrated earlier in the breakdown of enterprise sizes, where a majority were small or medium sized enterprises.

Office Rents

In the period up to the start of the recession in 2008, prime West End office rents were the highest in the world. The trend data below shows how rents have changed since the mid-1980's, showing recession periods in the early 1990's and from 2007-2009. The general trend has been for rising prime rents, which peaked in 2007 pre-recession period at nearly £120 per square foot (PSF), after which they fell reasonably significantly to around £80 psf. Rents have since risen rapidly, showing recovery in the office market over the last few years as demand has risen, and West End prime levels are back to the pre-recession high of £120 psf.

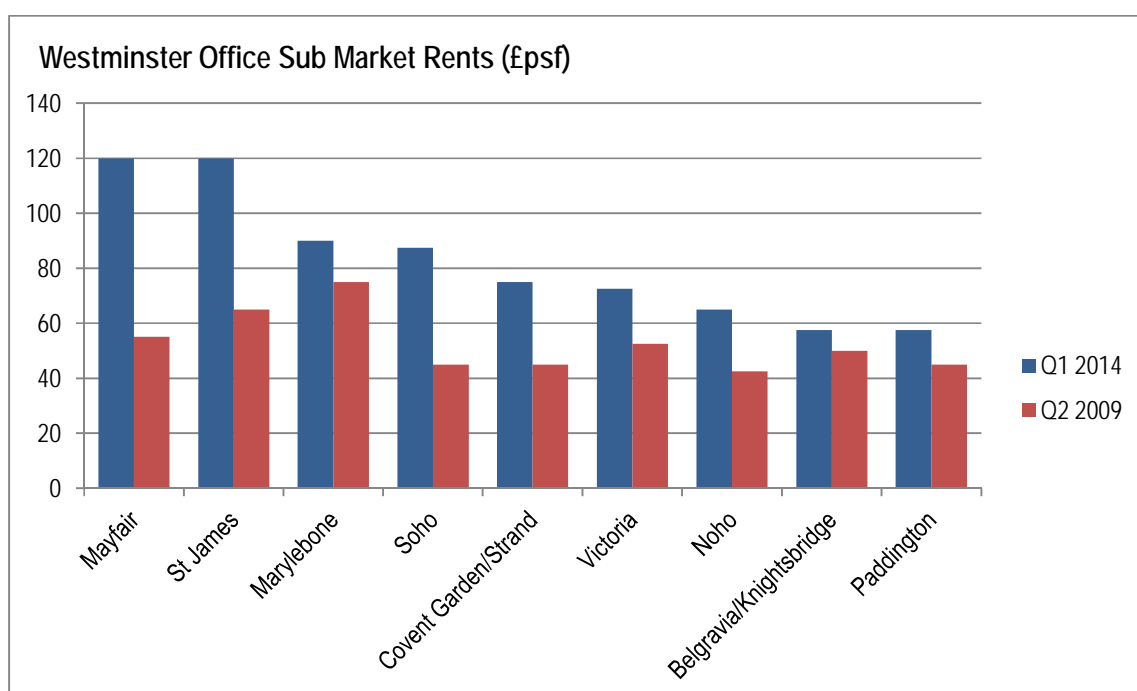
Figure 57: West End Office Rents (Historic)



Source: Colliers International 2014

Within Westminster there are distinct office market areas (see map 8 below), where Mayfair commands the highest rents, and is made up of enterprises such as hedge funds and other financial services. Victoria tends to accommodate government departments and more public sector oriented occupiers, providing larger floor plates. Paddington has the lowest sub market rents, as Westminster's most significant emerging office location, with rents around half the level of the prime west end areas, however this has risen significantly from £45 psf in 2010 to nearly £60 in 2014. In the last five years, rents have nearly doubled in many of the areas, such as Mayfair and Soho, with significant gains in most areas as shown below.

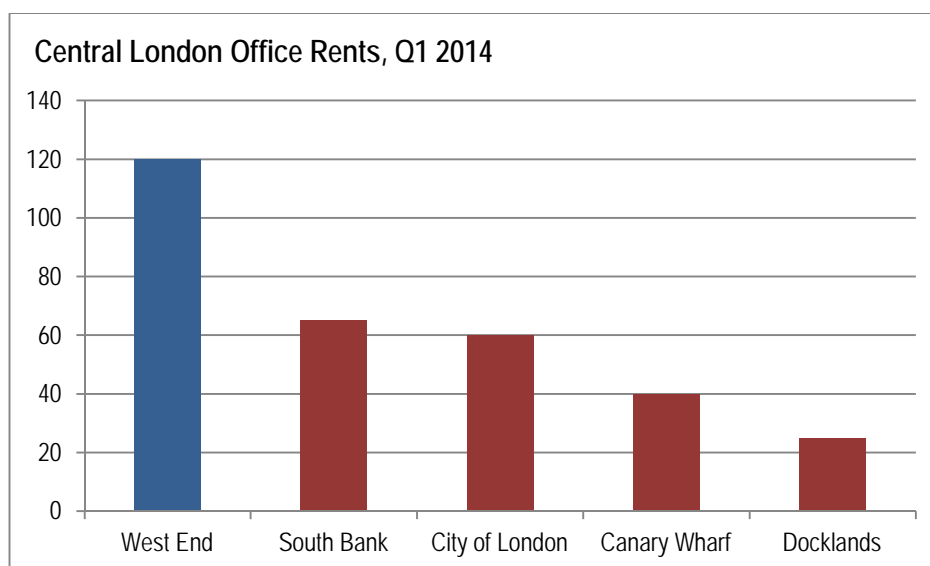
Figure 58: Prime Rents by Office Sub Market Area in Westminster



Source: Colliers International 2014

As shown in figure 56, the West End (which constitutes all Westminster sub areas above and Euston) is the most expensive office rental area in the country, and one of the most expensive in the world. Within London the west end is followed by the Southbank and the City of London, where rents are roughly half of the West End. Beyond this, the large floorplate office markets in Canary Wharf and Docklands have comparatively low rents, at less than a third of the West End levels.

Figure 59: Office Rents by London Sub area



Source: Colliers International 2014

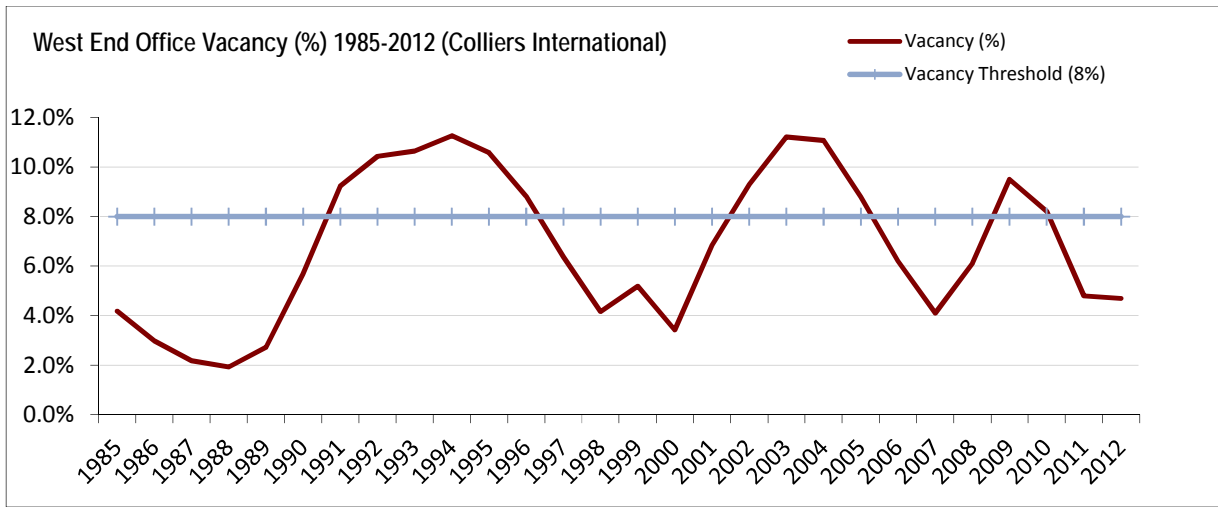
Office Yields and Vacancy Rates

Prime yields (return on investment after expenses are deducted) tend to be fairly consistent across Westminster, mainly between 4-6%, with the areas with cheaper rents relating to larger yields (Colliers CRE, 2014).

Vacancy rates across Westminster have fluctuated considerably since the mid 1980's, with very low vacancy rates in the late 1980's, with substantial rises in the recession period in the early 1990's. Since 2000, the economic boom and high construction levels led to low vacancy rates until the start of the recession from 2008 when they rose above the 8% benchmark figure. Vacancy rates are now dropping, as demand has increased, showing the recovery of the office market over the last few years following the recent economic downturn, and now stand under 5%.

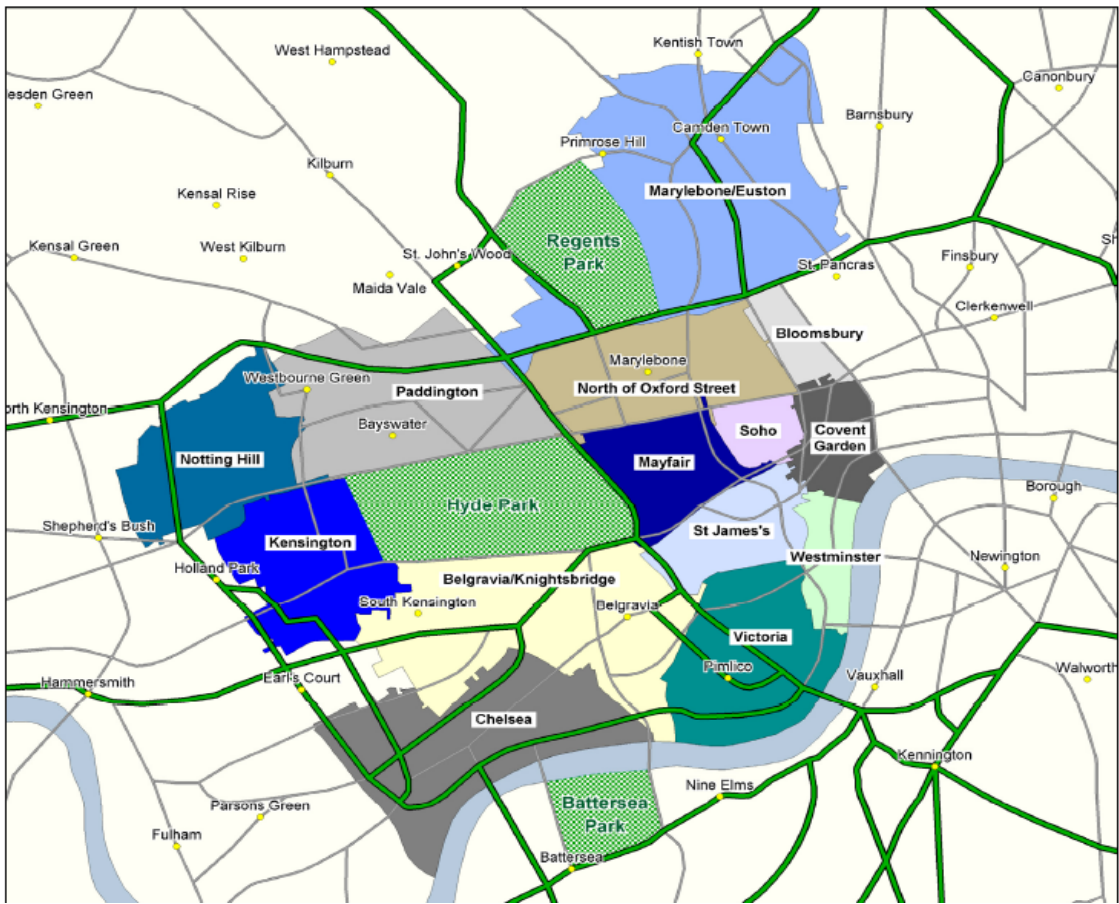
N.B. The 8% Vacancy Benchmark: The 8% vacancy benchmark is accepted as a monitoring measure for the London office market. Rates above 8% offer occupiers a wider choice of accommodation with the tendency for rents to fall, especially when rates are rising and wider choice is anticipated in the future. If availability is below 8% then there is a tendency for rents to rise, reflecting a narrower choice of accommodation (GLA, 2009²).

Figure 60: West End Office Vacancy Rates



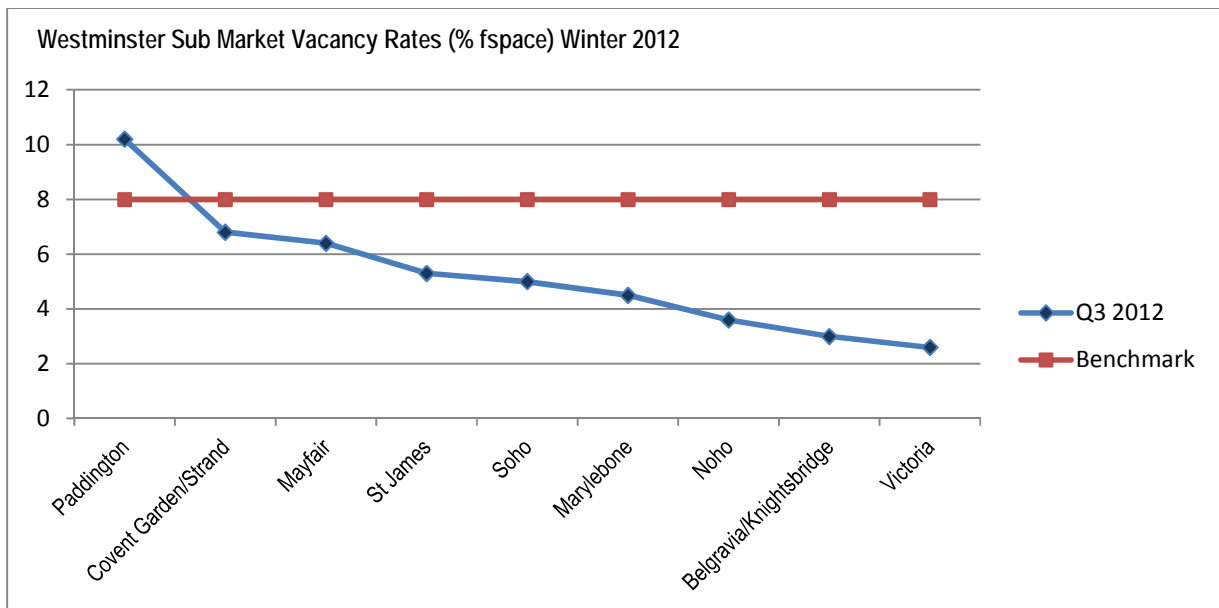
Source: Colliers International 2014

Map 8: Westminster’s Office Sub Markets (Colliers International Interpretation)



Source: Colliers International (2010)

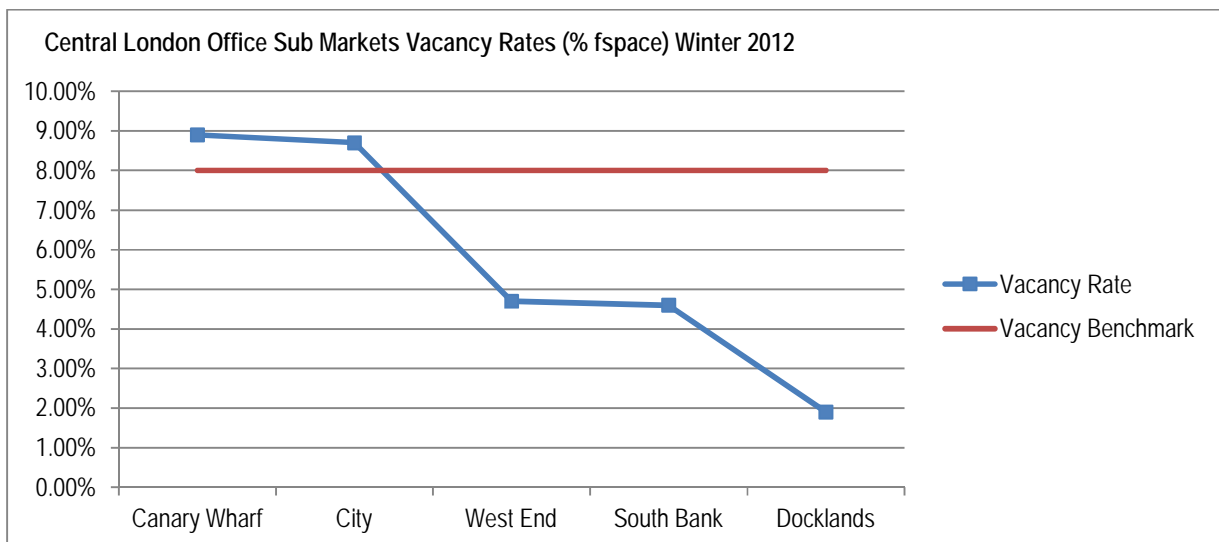
Figure 61: Westminster Office Sub Markets vacancy rates



Source: Colliers International, 2012

There is considerable variation between different parts of the West End when considering vacancy rates, however all but one of the sub areas have a rate under the 8% vacancy benchmark illustrating the health of the office markets in the West End. The rate is highest in the emerging office location of Paddington, and lowest in Victoria, although there is substantial redevelopment work being undertaken at present here. Across Central London, the West End again performs well with vacancy rates considerably lower than the established markets in Canary Wharf and the City of London.

Figure 62: London Office Sub Markets Vacancy Rates



Source: Colliers International, 2012

The Future of Offices in Westminster

The future of Westminster's office market and levels of stock is currently clouded by uncertainty, particularly for specific types of office and parts of the office market. This uncertainty relates to several different issues. Firstly, there has been the issue of government deregulation and the liberalization of the planning system, where permitted development rights now include the ability to convert offices to residential properties without the need for planning permission. Local Authorities were able to apply to central government for exemptions to this for parts of their borough based on making a case that office stock is of national importance. Westminster was granted an exemption for the Central Activities Zone based on the national importance of the offices within this area. An exemption was also applied for the North Westminster Economic Development Area (NWEDA) as an emerging office location, however this application was not successful.

The changes to permitted development rights therefore remains an issue in areas outside of the CAZ, where around ten proposals have successfully gone through the prior approval process to allow the conversion of offices to residential.

At present Westminster does not have an explicit policy to protect offices, as the market has generally regulated this itself, and it has traditionally been harder to secure residential development in the CAZ, which is why the mixed use policy was brought in to make residential provision a policy requirement. However, market forces has led to the loss of over a third of office floor space gained between 1996 and 2010 (about 400,000 sqm) in the last three years, and nearly half of this was lost to residential.

The wider issue is one of residential values, particularly in comparison to existing office uses. This is set out in the residential value section above, where across Westminster residential values can be as high as £30,000 per square metre, compared to up to £1500 per square metre for office floorspace (capitalized rental value). Research has shown that the loss of office floor space to residential is having a significant effect on small offices (under 500 sqm), poorer quality offices, while also now extending to more modern purpose built offices. As mentioned earlier, over 32,000 enterprises in Westminster employ less than ten people (85% of all enterprises), illustrating the size of the small office market in Westminster.

Small office loss is already an issue in Westminster. Between 1997 and 2007, over 300 small office units (units under 250smq) were lost, comprising over 46,000 sqm of small office floor space, with residential development responsible for most of this net loss. The changes to permitted development rights are likely to accelerate this loss and squeeze the small office sector in Westminster, undermining the economic sectors that rely on this office space, which is currently one of Westminster's assets.

Retail

Westminster has an extensive retail hierarchy, catering for all tastes and price points. Distinctive retail streets and areas include the internationally renowned shopping streets of Oxford Street, Regent Street, Bond Street and Knightsbridge, areas of distinct retail character such as Mayfair & St James's (luxury, international fashion houses, jewellery, art, bespoke tailoring, car show rooms), Soho (independent and comparison retail), Covent Garden (national and international retail), and other distinct streets and sub areas within these areas and the wider west end. Department stores are also a key feature of the West End, including world renowned presences such as Selfridges, Fenwick's, Fortnum & Mason and others.

Outside the West End, there are a number of neighbourhood high street type centres primarily serving the more residential parts of Westminster. Many of these centres have a distinct character and function fitting in with the neighbourhood in which they are located, and several of them contain sizeable street markets. Beyond this, there are nearly 40 local shopping centres, which are local neighbourhood parades serving residents with accessible local convenience shopping.

Westminster monitors the viability and vitality of all shopping centres in the City by undertaking town centre health checks every five years for all centres. Health checks monitor and analyse the number of units in the centre by use class and occupancy levels over time, and include an environmental assessment, daytime and night time amenity assessment, and in some cases include consumer and business surveys, footfall analysis, crime statistics and other categories. Analysis of all of these factors allows an overall picture of each centre's health in terms of its vitality and viability, and allows centres to be compared over time and to each other.

Retail Employment and Number of Shops

Westminster contains over 6800 shops (Experian, 2012), employing nearly 60,000 people. The West End is one of the world's premier shopping destinations, having become increasingly successful during the recent recession period with West End rents rising by over 45% between 2008 and 2012 (CBRE 2013). London as a whole also has the highest international ranking in terms of brand presence in any one city (CBRE 2013), which is coupled with fierce international competition for space in the West End and limited scope for new supply.

The supply and demand issues in the West End therefore relate directly to prime retail rents and vacancy rates. In addition, this is now spilling over into neighbouring streets in the West End as demand for space in certain parts of the West End such as Mayfair around Bond Street is growing, displacing long term occupiers and clusters of uses. High demand is coming from international fashion and jewellery houses in particular, where shops in the West End can almost act more as a showroom for an international brand, which also means there has been an increase in the number of flagship stores opening in the West End.

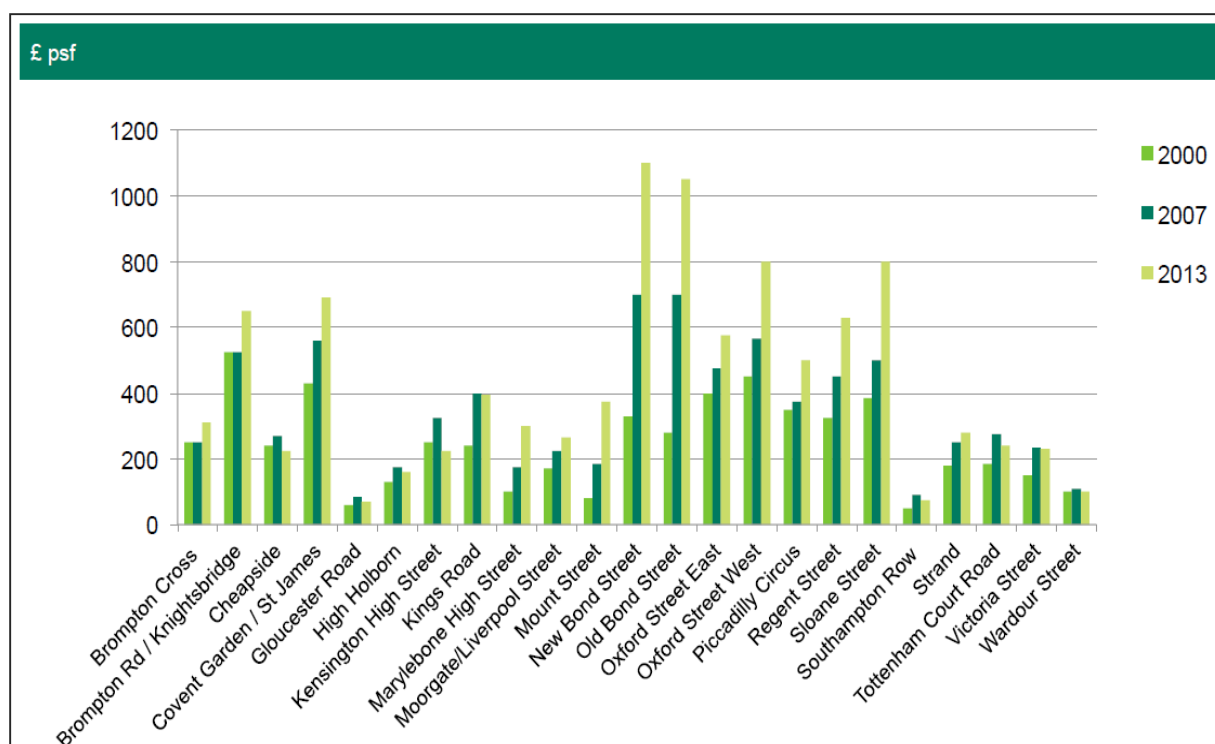
Retail Rents

As mentioned, retail rents in the West End have been rising considerably over the last few years. Bond Street commands the highest rents in the country, now being set at record rates with deals being signed at around £1500 psf. It is estimated that every unit that comes up on Bond Street has roughly ten bidders for the space, mostly from international businesses. Other areas that have experienced rapid rises are around Covent Garden, Regent Street and parts of Oxford Street, with the current Crossrail construction likely to only lead to further increases in rents.

As mentioned, one of the biggest effects of the level of demand has been spill over lettings in streets around Bond Street in particular, rising rents on these streets, having an effect on established occupiers and clusters. For example rents have risen sharply on Mount Street as the occupier profile has changed, and on streets such as Dover Street and Albermarle Street adjacent to Bond Street, where for example Victoria Beckham has recently taken a lease.

A further trend has been substantial rental growth in the managed estates within Westminster, where a consolidated ownership pattern means that reinvention is more achievable than in areas with disparate ownership. Examples include Regent Street (the Crown Estate) and Mount Street (Grosvenor).

Figure 63: Key Central London Retail Rents 2000-2013



Source: CBRE, 2013

Retail Vacancy Rates

Unit and floor space vacancy remains considerably lower in the West End and Central London as a whole when compared to national levels. National unit vacancy levels remain around 15% compared to around 3% in Central London and 2.5% in the West End (Colliers International, 2014). Within this, the size of the average vacant unit is also falling. Within the West End, current vacancy levels are 1.9% on Bond Street, 0.7% on Oxford Street (west), 1.6% on Oxford Street (east – bearing in mind Crossrail works), 0.9% on Regent Street, and occupancy is full on Long Acre and Victoria Street, compared to 4.8% of units on Kings Road (Colliers International 2014). Retail is therefore a highly viable and thriving use in the West End, particularly in the premier shopping streets. High street vacancy rates also average under 6% in Westminster (for ten high streets studied in 2013), well below the national average.

Footfall

Focusing on the area around Oxford Street, Regent Street and Bond Street (NWECA BID area), the average weekly footfall is around 5.7 million people (NWECA, April 2014), with Oxford Street alone accounting for nearly two thirds of this amount, followed by Regent Street with 1.4 million people per week. These are extremely high figures, however footfall is not often collected so there are few comparisons. Within this, the distribution throughout the week is fairly even, with peaks on Saturdays, and in the afternoon between 3pm and 7pm. The Heart of London BID area, which covers Leicester Square, Chinatown and Shaftesbury Avenue currently records weekly footfall of around 2.1 million people (HoL June 2014).

Figure 64: New West End Area Footfall, April 2014

| | Weekly Average | Monthly Total | Monthly % Change | | Annual % Change | | YTD % Change | |
|-----------------------|----------------|---------------|------------------|-------|-----------------|--------|--------------|-------|
| New West End | 5,667,444 | 22,669,774 | ▲ | 8.7% | ▼ | -0.5% | ▲ | 1.7% |
| Bond St | 325,175 | 1,300,701 | ▲ | 2.8% | ▲ | 4.1% | ▼ | -1.8% |
| Heddon St | 49,167 | 196,667 | ▲ | 18.5% | ▲ | 66.3% | ▲ | 31.7% |
| Lancashire Court | 19,572 | 78,287 | ▲ | 5.1% | ▲ | 8.1% | ▲ | 2.6% |
| Luxury Quarter | 231,900 | 927,599 | ▼ | -1.4% | ▼ | -4.6% | ▲ | 6.9% |
| Oxford Street | 3,448,866 | 13,795,463 | ▲ | 12.3% | ▲ | 0.2% | ▲ | 3.8% |
| Oxford St East | 1,080,931 | 4,323,725 | ▲ | 17.3% | ▼ | -1.7% | ▼ | -1.2% |
| Oxford St West | 2,367,935 | 9,471,738 | ▲ | 10.1% | ▲ | 1.1% | ▲ | 6.1% |
| Regent St | 1,391,679 | 5,566,714 | ▲ | 5.1% | ▼ | -0.5% | ▼ | -2.0% |
| South Molton St | 80,960 | 323,841 | ▼ | -2.9% | ▼ | -3.0% | ▼ | -7.8% |
| St Christophers Place | 72,899 | 291,595 | ▼ | -3.1% | ▼ | -14.6% | ▲ | 6.1% |

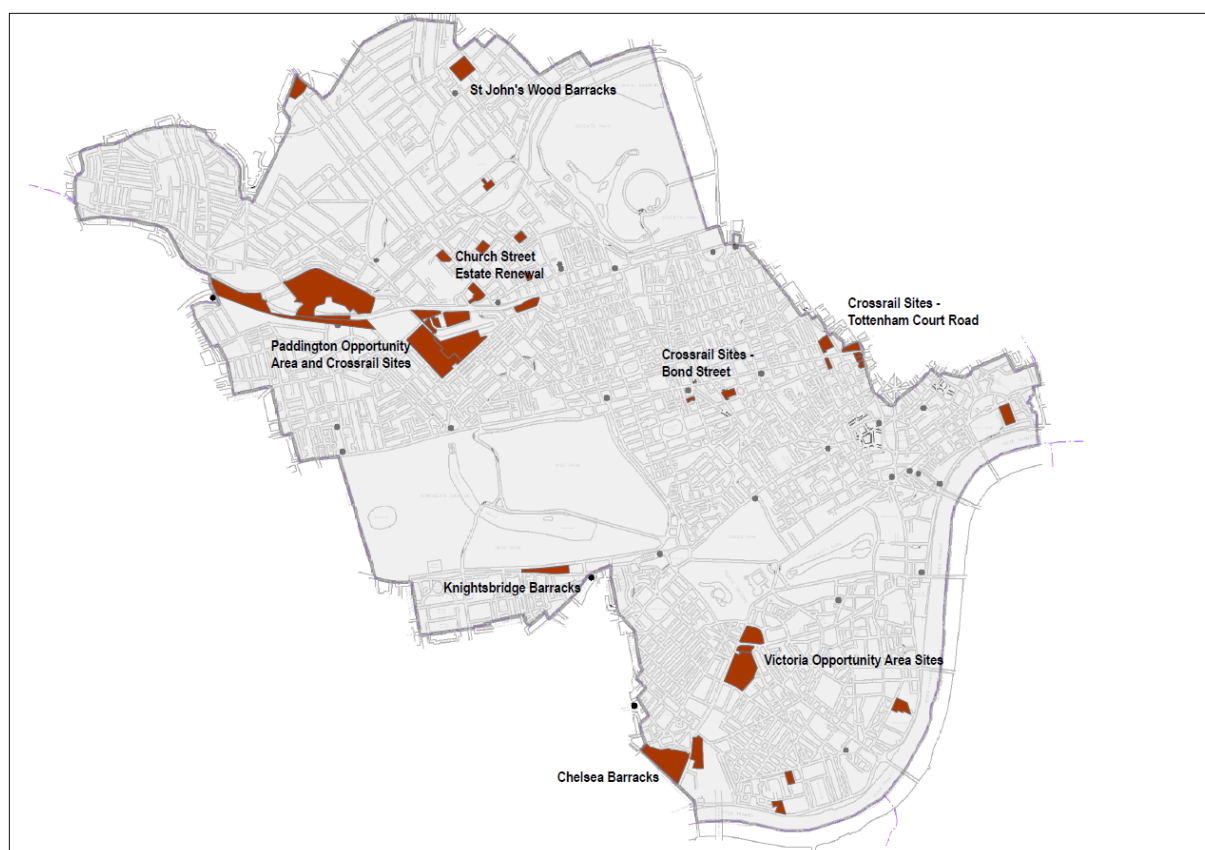
Source: NWECA 2014

Westminster's Development Pipeline

Westminster's City Plan – Strategic Policies document identifies 34 proposals sites, which are identified development sites of strategic importance to the delivery of the Westminster's City Plan. It includes sites necessary for the delivery of major infrastructure, or for the regeneration of an area. The 34 sites include sites in the three opportunity areas (Victoria, Paddington, Tottenham Court Road), several sites in the North Westminster Economic Development Area, and others outside these designated policy areas. These sites have preferred uses and are earmarked to deliver substantial amounts of housing, commercial, community and other uses, and will be of key importance for meeting Westminster's housing targets and many other policy objectives.

These sites include major development sites such as Chelsea Barracks and St John's Wood Barracks, which will deliver substantial amounts of housing for Westminster, in addition to the major Crossrail station development sites.

Map 9: Westminster City Plan, Proposals Sites (November 2013)



Source: City of Westminster

The built up nature of Westminster means that most development cannot be identified easily, and mostly emerge as leases expire or as markets and demands and values change, which are known as windfall sites. These tend to be smaller redevelopment sites, which provide a majority of small residential, commercial and mixed use developments in Westminster.

Core CAZ Land Use and Development

It is estimated that the Core CAZ area currently contains nearly 16 million sqm of floor space, with the main uses being Offices (48%), Residential (13%), Retail (11%), Public Buildings (9%) and Hotels (8%). Beyond the core, the wider CAZ areas are estimated to contain roughly 6.5 million sqm of floor space, of which the main uses are Residential (55%) and Offices (16%).

The last published reporting year (2012/13) showed that in the Core CAZ there has been a net gain of nearly 300 residential units, substantial gains in retail floor space of nearly 17,000 sqm equating to nearly 1000 new jobs, and 390 new hotel bedrooms. However, the previously discussed issues around the loss of office floor space are illustrated below, where nearly 42,000 sqm of office floor space (around 3500 jobs) has been lost, with large amounts due to be lost through schemes in the development pipeline.

Table 13: Core CAZ: Jobs and development recently delivered and in the pipeline

| 2012/13 Core CAZ | Resi Units | Retail FS (sqm) | Retail Jobs | Office FS (sqm) | Office Jobs | Hotel Beds | Hotel Jobs |
|--------------------|------------|--------------------|-------------|--------------------|-------------|------------|------------|
| Completed | 282 | 16831 | 842 | -41510 | -3459 | 390 | 390 |
| Under Construction | 1480 | 26381 | 1319 | -48926 | -4077 | 577 | 577 |
| Unimplemented | 587 | 24554 | 1228 | -61578 | -5132 | 1393 | 1393 |

Source: City of Westminster, 2013

Core CAZ developments in the pipeline are also very significant. Schemes currently under construction (at summer 2012) are scheduled to deliver over 26,000 net sqm of retail floor space and nearly 1500 new residential units, reflecting current market demands and values. The commercial developments under construction will deliver the potential for roughly 1800 new jobs in the CAZ.

In addition, unimplemented schemes with planning permission are scheduled to deliver nearly 25,000 sqm of retail floor space, nearly 1400 new hotel rooms, and nearly 600 new residential units.

The Opportunity Areas

In the opportunity areas, there is significant commercial floor space in the development pipeline, based on schemes currently under construction, and unimplemented schemes with planning permission in the designated opportunity areas (Paddington, Tottenham Court Road and Victoria), the focus areas for development in the foreseeable future.

Schemes currently under construction in the three opportunity areas are estimated to deliver around 6000 jobs in office and hotel developments (retail figures unavailable). A majority of these are the result of office developments in both the Paddington and Victoria areas. Schemes with unimplemented planning permissions are forecasted to deliver around 2500 jobs in office and hotel developments. A majority of these are expected in the Paddington opportunity area.

It is important to note that the Tottenham Court Road opportunity area is mostly located in Camden, therefore the expectations for delivery in Westminster are lower for this area. And many sites in Victoria are now under construction.

Table 14: Opportunity Areas: Developments and potential jobs in the pipeline

| Opportunity Area | 2012/13 Core CAZ | Resi Units | Retail FS (sqm) | Retail Jobs | Office FS (sqm) | Office Jobs | Hotel Beds | Hotel Jobs |
|------------------------|--------------------|------------|-----------------|-------------|-----------------|-------------|------------|------------|
| Paddington | Completed | 0 | n/a | n/a | 0 | 0 | 0 | 0 |
| | Under Construction | 542 | n/a | n/a | 23482 | 1957 | 90 | 90 |
| | Unimplemented | 620 | n/a | n/a | 29220 | 2435 | 55 | 55 |
| Victoria | Completed | 92 | n/a | n/a | -5599 | -467 | 420 | 420 |
| | Under Construction | 370 | n/a | n/a | 46653 | 3888 | -134 | -134 |
| | Unimplemented | 0 | n/a | n/a | 0 | 0 | 6 | 6 |
| Tottenham Ct Rd | Completed | 0 | n/a | n/a | 0 | 0 | 0 | 0 |
| | Under Construction | 13 | n/a | n/a | 0 | 0 | 0 | 0 |
| | Unimplemented | 0 | n/a | n/a | 1092 | 91 | 0 | 0 |

Source: City of Westminster, 2013

NWEDA Development

Throughout this document, the many issues affecting NWEDA have been explored, along with the area's characteristics, in terms of skills, employment, the housing market, income, and other social and demographic issues.

A further area to explore is recent and future developments in the area, and the effect on the population. The area contains the Paddington Opportunity Area, which has provided a vast majority of the commercial development in the area in recent years, and will do so in the near future, as set out above.

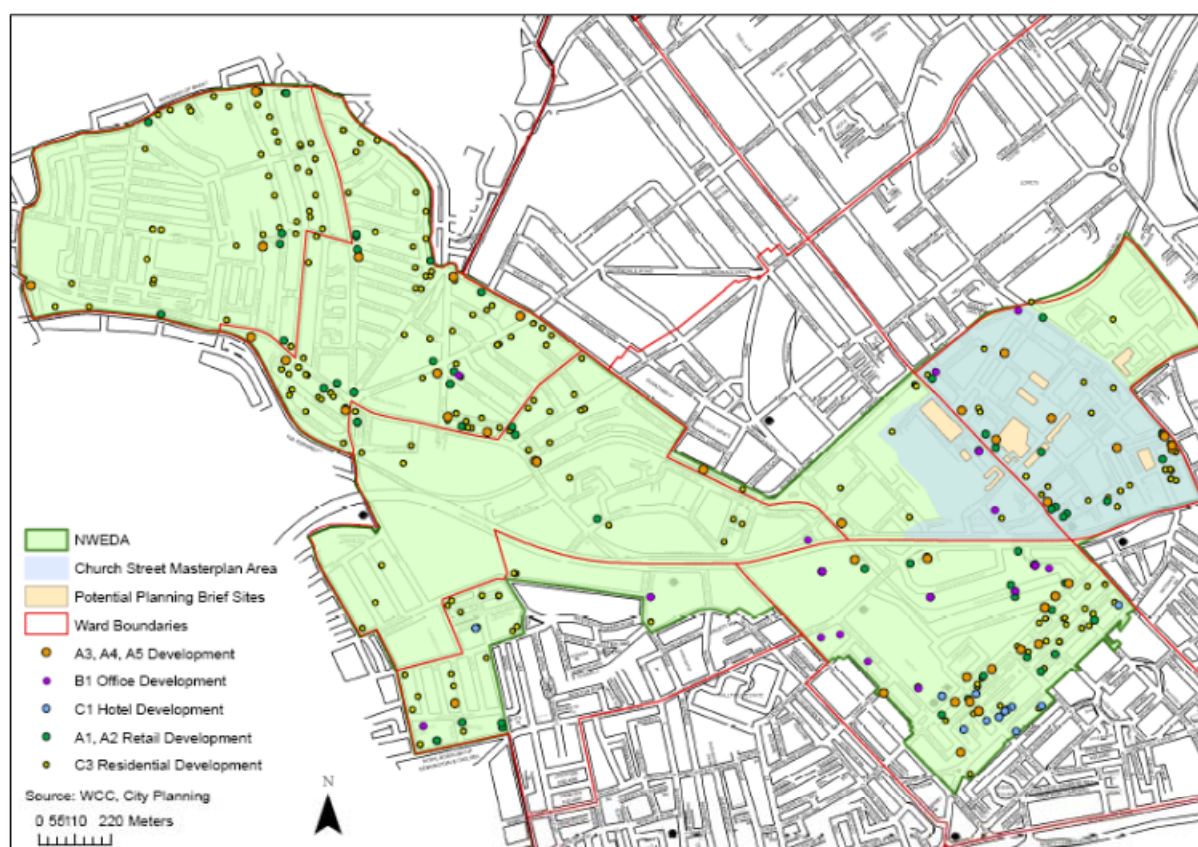
However, outside of the opportunity area, there are still things happening. In 2012/13, nearly 40 new residential units were completed, with nearly 100 under construction and a further 92 unimplemented. In addition, despite the loss of office floor space, which is to be expected given the issues covered throughout this document, hotel provision has been strong, with nearly 150 new rooms provided in the financial year, most of which came from an office conversion near Paddington Station.

Table 15: NWEDA: Jobs and developments recently delivered and in the pipeline

| 2012/13 NWEDA | Resi Units | Retail FS (sqm) | Retail Jobs | Office FS (sqm) | Office Jobs | Hotel Beds | Hotel Jobs |
|--------------------|------------|--------------------|-------------|--------------------|-------------|------------|------------|
| Completed | 39 | n/a | n/a | -2625 | -219 | 148 | 148 |
| Under Construction | 96 | n/a | n/a | -601 | -50 | 19 | 19 |
| Unimplemented | 92 | n/a | n/a | -2165 | -180 | 7 | 7 |

Source: City of Westminster, I&A, 2011

Map 10: NWEDA Developments 2004-2011



Source: City of Westminster, I&A 2011

The development map illustrates that retail and housing development has been more spread around NWEDA, with main focuses being around the designated shopping areas such as Harrow Road.

It also illustrates future development opportunities in Church Street, one of the most deprived wards in the country. A number of development sites are being considered within the Church Street master plan area, which should contribute to improving the local economy, and the skills and prospects of residents. In addition, the area contains many housing renewal sites, as part of Westminster's housing renewal strategy, which should improve living conditions for many residents, and is particularly important given the high dependency on social housing in the area.

GLOSSARY & Acronyms

ABI

Annual Business Inquiry: The Office for National Statistics's financial information survey, sampling UK businesses across all industrial sectors.

APS

Annual Population Survey. Rolling labour force sample survey carried out by the Office for National Statistics, producing employment and labour force statistics.

BREEAM

(BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings, and has become the de facto measure used to describe a building's environmental performance, based on an assessment and scoring methodology.

BRES

Business Register and Employment Survey: The Business Register and Employment Survey (BRES) has replaced and integrated two existing ONS business surveys, the Annual Business Inquiry (ABI) and Business Register Survey (BRS) and is a sample survey of approximately 80,000 businesses. BRES collects comprehensive employment information from businesses in England, Scotland and Wales representing the majority of the Great Britain economy.

Business Rates

Non-domestic, or business, rates are the way in which businesses and other occupiers of non-domestic property contribute toward the cost of local authority services. Each business is given a rateable value, which is a professional view of the annual rent for a property if it was available on the open market on a set date

CAZ

Central Activities Zone: Central area of London extending across 10 London boroughs as designated by an indicative boundary in the London Plan (Mayor of London's Spatial Development Strategy). The Central Activities Zone (CAZ) contains a unique cluster of vitally important activities including central government offices, headquarters and embassies, the largest concentration of London's financial and business services sector and the offices of trade, professional bodies, institutions, associations, communications, publishing, advertising and the media.

Core CAZ

The most intensely commercial part of the CAZ, focusing on what is generally known as the 'West End', including Mayfair, Oxford Street, Regent Street, Bond Street, Covent Garden, The Strand, Victoria etc.

Creative Industries

Generic term for the following sub groups of economic activity: Creative Content (Produce intellectual property: broadcast, music, film, publishers), Creative Experience (Live theatre, music, opera, dance), Creative Originals (Manufacture of e.g. fashion, tailoring, jewellery, arts, antiques), Creative Services (Architects, graphic design, advertising, new media, post production).

Economically active

People aged 16 and over who are either in *employment* or *unemployed*.

Economically inactive

People who are neither in *employment* nor *unemployed*. This includes those who want a job but have not been seeking work in the last four weeks, those who want a job and are seeking work but not available to start work, and those who do not want a job.

Enterprise

A fledgling new start up unit/business, or an entire business group or corporation.

Floor Plate

Total area taken up by the ground floor of a building.

Green Economy/Low Carbon Economy

Whereby the economy is rebalanced for a more environmentally sustainable future, through a transition away from the use of carbon intensive fuels. The green economy is expected to grow strongly, driven by necessity, regulation and consumer preference.

GLA

Greater London Authority.

GDP

A measure of the total economic activity in the economy. The link between GVA and GDP is that GVA plus taxes on products minus subsidies on products is equal to GDP.

GVA

Gross Value Added: Gross value added is the difference between output and *intermediate consumption* for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

IDBR

Inter Departmental Business Register: The Inter-Departmental Business Register (IDBR) is a list of UK businesses maintained by the Office for National Statistics (ONS). The IDBR covers businesses in all parts of the economy, missing some very small businesses operating without VAT or PAYE schemes (self employed and those with low turnover and without employees) and some non-profit organisations, representing nearly 99 per cent of UK economic activity.

IMD

Index of Multiple Deprivation: Measure of deprivation at a small local level, based on several dimensions which can all be identified and measured, and combined to give an overall indication of deprivation: income deprivation, health deprivation, employment deprivation, skills and education deprivation, barriers to housing and services, living environment deprivation, crime.

JSA

Job seekers allowance, is a form of unemployment benefit paid by the Government of the United Kingdom to people who are unemployed and actively seeking work. It is part of the social security benefits system and is intended to cover living expenses while the claimant is out of work.

Knowledge Economy

These are knowledge based sectors including the creative industries, TMT, the higher education sector, research and development, software design, finance, business services.

MYE

Mid-year population estimate produced annually by the Office for National Statistics, using the latest Census data as a baseline, and other annual datasets as the basis for making estimates thereafter.

NWEDA

North Westminster Economic Development Area: An economic development area designated in Westminster's Core Strategy (adopted February 2011) to address the needs of the principal area of economic renewal in the north-west of Westminster. This area covers wards suffering the greatest deprivation in Westminster and includes the Paddington opportunity area to ensure the benefits of developments in this area benefit the wider area.

ORB

The international shopping district in the West End consisting of Oxford Street, Regent Street and Bond Street.

Proposals Sites

Sites of strategic importance to the delivery of Westminster's Core Strategy (adopted February 2011), which are necessary for the delivery of major infrastructure projects, or for the regeneration of an area.

Quinary

A numerical system with 5 as the base.

SIC

The United Kingdom Standard Industrial Classification of Economic Activities (SIC) is used to classify business establishments and other standard units by the type of economic activity in which they are engaged. It provides a framework for the collection, tabulation, presentation and analysis of data and its use promotes uniformity. In addition, it can be used for administrative purposes and by non-government bodies as a convenient way of classifying industrial activities into a common structure.

Super Output Area

Super Output Areas (SOAs) are a geography designed for the collection and publication of small area statistics. There are currently two layers of SOA, with areas intermediate in size between 2001 Census Output Areas (OAs) and local authorities and each layer nesting inside the layer above. This offers a choice of scale for the collection and publication of data, and allows for the release of local data that could be disclosive if published for OAs. SOAs give an improved basis for comparison across the country because the units are more similar in size of population than, for example, electoral wards. They are also intended to be stable, enabling the improved comparison and monitoring of policy over time. In addition, figures for user defined geographies will be aggregated and best fitted from data held for OAs and SOAs.

SMINC

Site of Metropolitan Importance for Nature Conservation: Local county/borough level designated sites of importance for wildlife conservation.

TMT

Economic sector comprising Technology, Media, Telecommunications. A growth industry that accounts for a large number of start ups, and is a high value sector.

Unemployed

People without a job, having actively sought work in the last four weeks and are available to start work in the next two weeks, or out of work, have found a job and are waiting to start it in the next two weeks.

Unemployment

The number of unemployed people in the UK, following the internationally agreed definition recommended by the International Labour Organisation (ILO).

Working Age Population

People aged 16-64 for males and 16-59 for females. Most data produced by Central Government departments are provided for these age groups but alterations to pension legislation (extending working ages) mean that outputs in the future will change and become more complex.

Worklessness

Defined by the Department of Work and Pensions as "people of working age who are not in formal employment, but who are looking for a job (the unemployed), together with people of working age who are neither formally employed nor looking for formal employment (the economically inactive)".

Yield

Return on investment after all expenses are deducted.

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