



Commercial justification for Pinewood Studios Screen Hub

A briefing to Buckinghamshire Council on 'need'

October 2022



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This document was prepared by Rob Lucas Consultancy
on behalf of Pinewood Studios

31 October 2022

1. Introduction

- 1.1 Buckinghamshire Council planning officers have requested a summary of the commercial justification ('need') for the proposed Pinewood Studios Screen Hub (PSSH).
- 1.2 This paper draws on the submitted application documents and additional evidence to provide a summary of the case.

2. Strategic economic context

- 2.1 The strategic economic context of the proposed development is critical to understanding and reporting the application.
- 2.2 At a national and local level the context is the urgent need for economic recovery and growth as set out in the application documents.

National and local economic indicators

A national and local picture

- 5.3 The UK economy as a whole and in every region has suffered economic stress from the effects of the COVID pandemic, exit from the EU single market and most recently geo-political instability led by the Russian invasion of Ukraine. Inflation is rising and there is a cost of living crisis. A particularly difficult effect on business (and the population) is the substantial increase in the price of energy.

The urgent need for investment which creates jobs

- 5.4 The need for investment in projects which create new sustainable and well paid jobs is apparent with reference to leading economic indicators, including employment and unemployment. The latest Claimant Count data provides an up-to-date record of the number of people currently claiming benefits principally for the reason of being unemployed. This reveals that as of April 2022 across the UK as a whole, there are 1.6 million claimants, accounting for 4% of the working age population.
- 5.5 Total claimant figures in the UK remain 36% higher than in January 2020, highlighting the severity of unemployment challenge that the country continues to face. This challenge is affecting all areas of the country including businesses and people in regions which have historically been relatively strong and resilient to economic shocks.
- 5.6 To illustrate this point of escalating social and economic need, consideration of Claimant Count data for the relatively prosperous regions of London and the South East highlights that unemployment had increased by 65% to c. 483,700 people between January 2020 and April 2022.
- 5.7 More locally to Pinewood, there were c. 9,300 people claiming out-of-work benefits in Buckinghamshire, accounting for 2.8% of the working-age population, in April 2022. This figure remains 65% higher than it was in January 2020, highlighting the intensification of economic needs brought about by the pandemic and other more recent economic factors.

5.8 Analysis of Jobseeker's Allowance (JSA) claimants highlights that circa 315 people were recorded as specifically seeking employment in construction-related trades in Buckinghamshire in April 2022. This rises to 10,100 claimants across the South East and London. This highlights the scale of people in the labour force seeking employment in construction at all spatial scales.

5.9 Buckinghamshire Local Enterprise Partnership is closely monitoring the impacts of Covid-19 on the local economy in developing its recovery strategy. The evidence base that informs this strategy highlights that there are challenges that predate Covid-19 and that have resulted in "the economy losing ground to other areas over the last decade". For example, other areas are evidently outpacing Buckinghamshire in terms of productivity growth.

5.10 The evidence base for the recovery plan anticipates a slow-down in economic growth rates. It emphasises the need for immediate focus on "limiting scarring" or in other words the persistent negative effects associated with long term unemployment and profitable and innovative businesses ceasing trading. The evidence base also points to the importance of "upskilling and innovation" in delivering recovery.

(Doc 07: Leading Recovery and Growth)

- 2.3 Jobs in film and TV production pay more than the UK average and are a priority for increased productivity and prosperity.
- 2.4 The focus in Buckinghamshire is upon jobs and retraining for all but with a particular priority of recruitment from residents of the County's most deprived areas. The proposed Pinewood Jobs and Skills scheme will encourage this.
- 2.5 This urgency has increased markedly since submission of the application arising from the economic stress and market response to recent Government fiscal policy.
- 2.6 The benefits of the proposed development respond directly to this context and at scale to the economic need for recovery and growth.

3. Overview of case

- 3.1 The commercial justification is provided by the following key considerations:
 - (1) There is an acknowledged shortage of large purpose built film and high end television production studios in the UK to accommodate inward investment.
 - (2) The creative screen-based industries is a sector supported by Government and Buckinghamshire economic development policy.
 - (3) Pinewood Studios is acknowledged as a world-class facility of national and international significance where a new global screen hub provision is included within economic development policy. The Studios is a prime and preferable location with substantial critical mass (facilities, skills, services in one place).

- (4) There is a critical shortage of skills to serve film production in the UK which the industry should address urgently. A significant contribution is included in the PSSH application – Centre Stage.
- (5) Pinewood Studios has customer demand for major new floorspace.
- (6) The proposed development would deliver substantial economic benefits locally, regionally and nationally in accordance with the UK economic recovery and growth policy agenda.

Each is briefly elaborated below.

4. UK studio shortage

- 4.1 There is acknowledged and substantial shortfall in studio space to meet national/ international (inward investment) demand for production in the UK.

British Film Institute

- 4.2 The British Film Institute (BFI) is the UK's lead organisation for film, television and the moving image, an Arm's Length Body of UK Government, governed by Royal Charter. They work closely with Government and industry to make the UK a creative and progressive place to make film (for which there is still a shortage of production space that they describe as 'a critical shortfall').
- 4.3 In its most recent assessment 'Screen Business' December 2021, the BFI reported:

"The attractiveness and stability of the UK's screen sector tax reliefs has helped to create an environment in which investment is being attracted from private and public sources into film and television studios. These are key elements of production infrastructure, with many film and high- end television (HETV) projects having significant studio requirements during production.

Investor confidence in the UK is underlined by the expansion of some of the UK's largest film and television studios and the development of major new studios. There has also been particular activity from major production entities, including:

- *Disney, which in 2019 entered into a long-term agreement with Pinewood Studios to take all stages, backlots and other production accommodation at Pinewood Studios in Buckinghamshire*
- *Netflix, which in 2019 announced it was creating a dedicated production hub featuring 14 stages, workshop and office space at Shepperton Studios*
- *Sky, which is set to build a significant new film and television studio in Elstree, with 12 stages planned*

The importance of expanding the UK's film and television studio offer in order to service increasing levels of production was recognised by HM Government which, in 2020, provided the British Film Commission (BFC) with £4.8 million over three years to expand its work promoting the UK as a destination of choice for film and television studio investment."

(Paragraph 13.1, Screen Business, December 2021)

4.6 Specifically in relation to the current PSSH application the BFI said:

“As you know, the BFI is the UK’s lead organisation for film and the moving image. We are a cultural charity and a National Lottery distributor. We work with Government and industry to ensure the continued growth of the UK’s screen industries. From this unique position we have sight of the strength of the industry and the matters that are holding it back.

The UK is a global hub for film, TV and screen sector production. We have world-class skills, locations and production facilities that are the envy of the world. And yet, there is a proven lack of studio stage space in the UK with compelling evidence of significant future demand from inward investors in the global feature film and high-end TV drama market to come here to make their content. In short, there are more films and dramas that wish to film in the UK than the existing studio space available can accommodate. In order to enable the UK to capitalise on this opportunity and remain globally competitive, more studio space or expanded existing facilities are needed.

The shortfall of studio space to meet strong and continuing demand has been evident for at least the last five years and more likely over the last decade. Some new schemes have come forward such as your own at Pinewood and Shepperton but there remains a critical shortfall.

The BFI encourages investment in studios and we are pleased to see some long term projects being brought forward. Pinewood is well established, one of the leading studios in the UK and of iconic global status. We therefore very much welcome the expanded proposals for more studio space at Pinewood which we would hope can be brought forward quickly.”

(BFI letter, 18 July 2022)

British Film Commission

4.7 The British Film Commission (BFC) is the national agency responsible for supporting inward investment in film and high-end television in the UK. The Commission has a close up to date knowledge of the provision of film production space in the UK for inward investment.

4.8 The Commission reported on its Stage Space Support and Development Strategy in October 2022 saying:

How the UK is aiming to double its studio space by 2025

With the UK’s film and high-end TV production landscape expanding, the British Film Commission’s Stage Space Support and Development strategy is crucial to making more space.

Despite the myriad challenges of Brexit and the global Covid-19 pandemic, the UK is currently enjoying record-breaking levels of film and high-end TV production. According to British Film Institute (BFI) statistics published in February 2022, £5.6bn was spent on film and high-end TV production in the UK in 2021; the highest figure to date. The BFI’s Screen Business Report, published in December 2021, noted that between 2017 and 2019 the industry created an astonishing 219,000 jobs. And the trajectory is heading further skyward. A skills forecast published by ScreenSkills and supported by BFI in June 2022 found that film and high-end TV production is likely to hit between £7.07bn and

£7.66bn annually by 2025, meaning that between 15,310 and 20,770 additional crew will be needed to meet demand.

With production activity on the increase, the British Film Commission (BFC) is working hard to help the industry to meet these rising demands including partnering with The Production Guild of Great Britain and supporting other skills training providers to ensure the UK has a growing pool of diverse and experienced crew.

Alongside talent, space is also at a premium and central to the BFC's remit is the Stage Space Support and Development (SSSD) strategy, which assists in stimulating the creation of additional stage space capacity across the UK: whether that is the building of entirely new studios, or the expansion and modernisation of existing facilities.

With a background in managing studios including Elstree, Jeremy Pelzer, the BFC's senior stage space strategy advisor, knows only too well that increasing the UK's studio capacity is a mammoth undertaking. But it will also bring major benefits. "Prior to the start of the SSSD, the BFC conducted consultation work with the major US studios and asked them if space and crew were no issue, how much content they would wish to produce in the UK. Pretty much unanimously, the answer was that they would double it, and we're on a very healthy trajectory to meet the ambition of doubling the UK's stage space by 2025."

(Stage Space Support and Development Strategy, October 2022)

4.11 The Commission has commented specifically on the current PSSH application.

"We were very pleased to see the revised proposals for the studio expansion at Pinewood.

As you know, the British Film Commission (BFC), as the UK Government's national organisation responsible for inward investment film and TV production in the UK, relies on appropriate studio space, in the right geographical areas, in order to continue to attract and support high-end, high value film and TV production.

The global demand for audio visual content for theatrical release, broadcast and streaming has never been greater. As a result, demand for purpose-built, high quality studio accommodation, in optimum geographical locations, with access to experienced crew, and comprising sound stages (of various sizes), workshops, offices and backlot, is outstripping supply. This has resulted in the loss of multiple major productions, and the associated investment and employment, to international competitor jurisdictions.

Pinewood Studios is a globally recognised and respected brand. Along with Shepperton Studios, it provides the kind of purpose-built, high-end accommodation required by the major inward investment film and TV productions which accounted for over £4.7 billion of the total £5.6 billion spent on film and HETV production in the UK in 2021.

With this in mind, the BFC is fully supportive of the expansion plans proposed by Pinewood Studios. If we can provide any further support or evidence of the importance of additional capacity at Pinewood Studios, please do not hesitate to contact us."

(BFC letter, 23 May 2022)

Commercial research

4.12 The most recent research on space was carried out by Knight Frank in 2022¹. This reported:

- an existing studio stock of c. 6m sq ft
- a doubling of film and HETV production spend from a current £5.64 billion to £11.16 billion by 2026
- the stock of existing studios insufficient to keep pace with the rising demand
- a short-term space requirement of c. 6 million sq ft is likely to be needed to meet demand by 2026

(The report also provides a useful summary of sector trends and the factors driving the need for more space).

Market condition

4.13 Confirmation of the need for new space is provided by the production companies themselves².

Walt Disney Studios

"Pinewood is one of the best places in the world to make such content. The studio offers the scale and flexibility to successfully deliver these complex projects. There is a wide variety of sound stages; access to highly specialised facilities such as the underwater stage, exterior tank and post-production theatres; multiple backlots and workshops for creating sets, props and costumes. We have had a great experience making many productions at Pinewood including in recent years: Dumbo, Mary Poppins Returns, Cinderella, Maleficent: Mistress of Evil, and the upcoming reimagining of Snow White.

However, quality studios facilities in the UK -at Pinewood and elsewhere -are at capacity, even following recent expansion. This has led Disney (and many of our industry colleagues) to base productions in other countries although would have preferred to keep these productions in the UK. We therefore fully support the development you are planning at Pinewood South as a route to addressing this challenge and more feature film and TV production being able to be made in the UK."

(Walt Disney Studios letter, 18 May 2022)

Lucasfilm

"I am delighted by your plans to expand Pinewood Studios with the proposed Pinewood South campus and am writing to express Lucasfilm's strong support for this initiative.

We have had a great experience making our productions at Pinewood Studios over the years, including Star Wars episodes VII to IX, Rogue One, Solo and more recently episodic television. As you know our productions are large scale with a huge amount of complex 'world building' to create the sets, costumes, props and action in a galaxy far,

¹ Taking Centre Stage, Knight Frank 2022, Appendix 1

² Letters included in Doc 07: Leading Recovery and Growth

far away. These productions need a big studio footprint – multiple sound stages, backlot and a significant footprint of workshops and support facilities - to create these worlds and be home to our crew. This footprint is best co-located at one studio to make it easier for our teams and creatives to collaborate, and minimise cost. Pinewood Studios is one of the few places in the world to offer the scale, quality of facilities and range of services to make our content.

We plan to produce further feature films and episodic television in the UK. The production of large feature films brings significant benefits to the UK economy. For example the total production costs for Star Wars: The Rise of Skywalker, produced at Pinewood Studios, exceeded \$200m. However this will depend on there being sufficient availability of large scale sound stages and studio facilities. Today there is a shortage of such capacity in the UK. This is preventing productions from coming to the UK and being made in other countries. The plans for Pinewood South would help alleviate this shortage and enable more content to be made in the UK.”

(Lucasfilm letter, 24 May 2022)

Other schemes

4.17 The obvious commercial need/demand for space has prompted a number of planning applications for major studio developments. They are focused in south/south east England and more tightly in the West London Film Cluster. The WLC is a strategic cluster where c. 60% of UK film production facilities are located and of international significance. (See Doc 07 Leading Recovery and Growth, Section D, from page 34).

4.18 An updated list is set out below.

Studio	Size/detail	Status
Warner Bros, Leavesden	308,000 sq ft (11 stages)	Planning application submitted, pending consideration
Sky Studio, Elstree (Universal, Comcast, L&G)	260,000 sq ft (12 stages)	Under construction and partially operational
Land north of Sky Studio, Elstree (Universal, Comcast, L&G)	772,500 sq ft (10 stages)	Under construction and partially operational
Shinfield Studios, Reading (Blackhall Global Partners)	420,000 sq ft (16 stages)	Under construction – temporary stages in use
Herstwood Studios, Hertsmere	490,000 sq ft (21 stages)	Planning application not yet submitted
Eastbrook Studios, Dagenham (Hackman Capital Partners)	270,000 sq ft (12 stages)	Planning permission granted
Sunset Studios, Waltham Cross	315,000 sq ft (21 stages)	Planning permission granted
Marlow, Bucks (Dido Properties)	445,000 sq ft (16 stages)	Planning application submitted
House of Production, Bedfordshire	560,000 sq ft (22 stages)	Planning application in preparation
Shepperton Studios	1,200,000 sq ft (25 stages)	Expansion to existing studios – under construction. Operational from April 2023
Total	5,040,500 sq ft	

1. Planning applications have also been made for temporary studio facilities at Wycombe Airfield and Bray.

- 4.19 The total floorspace of these schemes is 5m sq ft – significantly below the 6m sq ft requirement projected by Knight Frank³.
- 4.20 There is competition to develop new studio space in the UK. Some of the schemes might not achieve planning permission or obtaining the funding and customer support necessary to be developed. None of the schemes are alternatives to the proposed Pinewood Studios Screen Hub in the current application and there is sufficient demand for the best and most realistic schemes to succeed alongside Pinewood Studios.

5. Policy support

- 5.1 The creative screen-based industries is a sector supported by Government and Buckinghamshire economic development policy.
- 5.2 A key part of the commercial justification is to support and deliver national and local economic policy. This includes:
- Government priorities for economic investment and growth and specifically in the creative industries sector⁴
 - Buckinghamshire LEP Economic Recovery Strategy

Creative and digital

- *Screen Based Global Growth Hub, mirrored on the BBF Growth Hub but sector specific at Pinewood Studios*
- *Buckinghamshire Film Offer – establish a Buckinghamshire Film Office to maximise production spend within the County*
- *Building on the Government’s Tourism Sector Deal, develop a film inspired ‘experience’ similar to the Warner Brothers studio Tour/The Making of Harry Potter*
- *Look to identify and support new studio development – Pinewood, Marlow and Halton*

(Buckinghamshire LEP Economic Recovery Strategy)

- Buckinghamshire Growth Board

We are, as a county, the ‘entrepreneurial heart of Britain’ containing both global brands and large numbers of entrepreneurial small and medium sized businesses. We are home to world renowned economic clusters such as the Creative and Digital cluster, shaped around Pinewood Studios in the south, the space sector based around Westcott in the west and High-Tech engineering driven by the Silverstone Park and Tech Cluster in the north.
(page 5)

³ Taking Centre Stage, Knight Frank, 2022

⁴ See Section 5 Leading Recovery and Growth (Doc 07) and Section 2 Economic & Social Benefits Assessment (Doc 13)

Creative & Digital

Pinewood is an internationally renowned centre for film production, hosting Star Wars and James Bond productions. There are 150 businesses on site with a major extension underway. The National Film and Television School (NFTS), the number one film school globally, is based in Beaconsfield, and the county is also home to the International eGames Committee. Pinewood and the NFTS lead in immersive content, pioneering the development and use of augmented reality, virtual reality and other technologies. (page 14)

High-tech sectors

Pinewood Studios Global Growth Hub – supporting recovery in the creative sector and investing in screen and film, including the application and development of virtual and augmented reality technologies. (page 29)
(Buckinghamshire Growth Board)

- 5.11 The proposed Pinewood Studios Screen Hub is therefore justified by a shortage of film studio space in the UK in a strategically important sector for which there is national and local policy provision to grow – across the UK, in the West London Cluster and specifically at Pinewood.

6. Pinewood a prime and preferred location

- 6.1 Pinewood Studios is acknowledged as a world-class facility of national and international significance where a new global screen hub provision is included within economic development policy. The Studios is a prime and preferable location with substantial critical mass (facilities, skills, services in one place) and a unique heritage that is valued by the film industry.
- 6.2 Pinewood Studios is, along with Shepperton Studios, an anchor of the West London Cluster (WLC) which is critical for the continuing health and growth of the industry in the UK.
- 6.3 The popularity of and demand for the WLC is driven by the attributes of an economic cluster: infrastructure and skills, location, financial and political context.
- 6.4 The WLC and its three world class studios (Pinewood, Shepperton and Leavesden) all have a long heritage and have built up a substantial technical infrastructure of facilities and technologies together with a highly skilled crew and talent base. This scale, depth and quality of resource makes film production at the studios efficient and cost effective. Such a complete resource is not available to the same degree at other global studios and producers' feedback confirms that crews and facilities in the WLC are the most accomplished in the world. In interviews with leading producers the UK infrastructure and skills base (mainly London/West London) is acknowledged as a major attractor.
- 6.5 Pinewood is therefore the preferred location for new studios being the hub of the WLC and capable of delivering the critical mass and co-location of facilities that are required for a major film studio. None of the other proposed film studios can deliver the scale of advantage in content and timely development that the Pinewood Studios Screen Hub can provide.

- 6.6 Pinewood Studios therefore provides the best opportunity and highest probability of global productions coming to the UK for which it is currently missing out. Without the Pinewood expansion the risk of loss is increased.
- 6.7 If the studio shortage is not made up by Pinewood Studios **and** elsewhere in the WLC it will not divert to elsewhere in the UK but locate internationally. This would be a permanent loss contrary to Government policy.

7. Supporting skills, training and jobs

- 7.1 There is a critical shortage of skills to serve film production in the UK which the industry should address urgently. A significant contribution is included in the PSSH application – Centre Stage.

The BFI

- 7.2 The British Film Institute (BFI) published a Skills Review in June 2020. The review was tasked to the BFI by the Department of Digital, Media, Culture and Sport (DCMS) with a brief to undertake a comprehensive skills review.

- 7.3 The review concluded the following:

- Current growth in production will require up to 20,770 additional full-time employees by 2025 needing an overall training investment of over £104 million a year
- Urgent need to improve working culture and practices across industry
- Localised approach though regional and national partnerships called for to capitalise on UK-wide growth
- Stronger pathways from education needed, more transparency of job roles, formalised approaches to hiring and workplace management, and access to better data
- Skills crunch seeing productions budgets rise, most acutely felt by UK independent film sector
- BFI launches four National Lottery funded programmes to tackle gaps in forecasting and improving access to build a more representative workforce

- 7.4 Ben Roberts, BFI Chief Executive said...

"This report has dug into one of the most critical challenges facing the production sector and puts us, with Government and industry, on a roadmap to address a range of fundamental issues that sit at the core. I could use various cliches - we're a victim of our own success, being busy is a nice problem to have - which are partially true, but not addressing these issues effectively risks the sector's continued growth and its significant contribution to the UK economy. The Review also gives us the evidence to support a workplace reset, which is long overdue. If we can get this right, as well as investing in our crew and capitalising on the opportunity presented by our industry's growth, we can accelerate creating a

workforce that genuinely reflects our society. As we do that we must also urgently address negative working practices and cultures, including the long hours routinely expected of crew.”

- 7.6 The creative industries sector and film and high-end TV in particular are economically successful in the UK and an essential part of the country’s growth strategy. The skills review found that the skills/crew shortages is likely to negatively impact the sector including:
- difficulties in workplace retention
 - pressurised workplaces
 - crew shortages
 - stretching budgets
 - risking viability
- 7.7 Without action the effects of inward investment on the UK’s independent film sector would be damaging.
- 7.8 The review highlighted the urgent need for more investment and increased industry involvement in the approach to skills and training.
- 7.9 The Government has welcomed the review and is supportive of the proposed actions committing to work with the BFI to bring forward a programme of skills and training investment.
- 7.10 More recently the BFI has launched a programme for the creation of Skills Cluster across the UK. The existing West London Cluster of existing studios is being proposed as The Gateway Cluster to include Pinewood, Shepperton, Leavesden, Longcross, Bovingdon and Shinfield Studios.
- 7.11 A specific contribution to be made by the proposed PSSH is ‘Centre Stage’⁵ which is an education hub (intended to be run by the National Film & Television School) and a business growth hub.
- 7.12 The education hub in particular is focussed specifically on addressing the skills shortfall identified by the BFI (as above).

8. Customer demand

- 8.1 Pinewood Studios has confirmed customer demand for major new floorspace.
- 8.2 Pinewood Group Ltd is a major and leading company in the provision of film studios. At Pinewood there is a long-term lease of space to Disney and short-term space for other companies recently including Paramount, MGM, Warner Bros, Miramax, Studiocanal, Bentley Productions (*Midsomer Murders*), British Film Commission, Eon Productions (the UK based production company that makes the James Bond films), Diving Services UK, Iver Make-up Academy, Jewson, Kodak Film Lab, Sony. At Shepperton there is a long-term lease to Netflix and major new facilities under construction for Prime Video (Amazon).

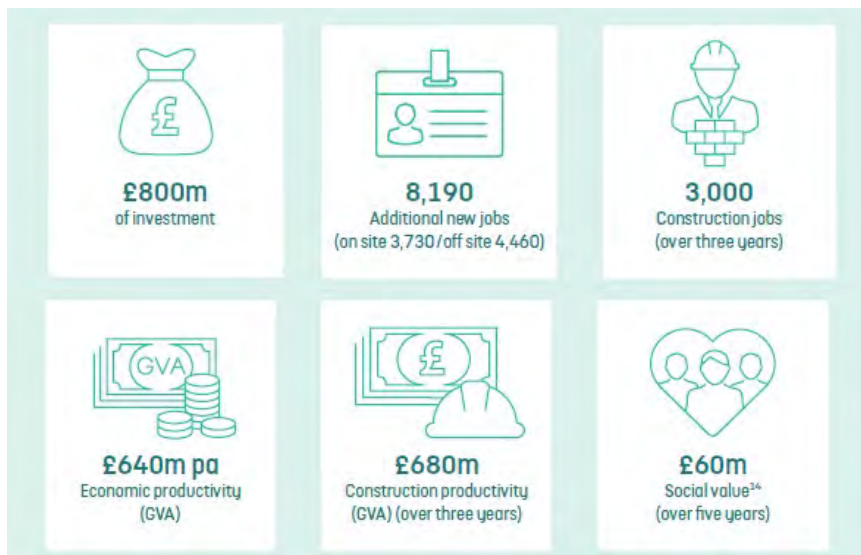
⁵ See Centre Stage Prospectus, Doc 17

- 8.3 Pinewood Group Ltd have occupier arrangements in hand for the PSSH development.
- 8.4 A summary of the Pinewood commercial position is set out at Section 12 of Leading Growth & Recovery, Doc 07.

9. Economic and social benefits

- 9.1 The proposed development would deliver substantial economic benefits locally, regionally and nationally in accordance with the UK economic recovery and growth policy agenda.
- 9.2 The scale and significance of the proposed scheme to economic recovery and growth at a national, regional and local level is the key driver of the scheme. It is of high significance⁶.
- 9.3 The economic benefits are:
- An c. £800m private sector investment to deliver the development.
 - c. 3,000 net additional jobs per year over 3 years of construction, supporting people in need of employment in the construction sector as well as generating many jobs in construction supply chains and through onward expenditure, contributing to economic recovery in the wake of Covid-19 and at a time of economic uncertainty.
 - A boost to UK construction productivity of £227.2m per annum over three years.
 - A contribution to productivity (GVA) of £640m pa (permanent).
 - Over 8,190 net additional FTE jobs – including 3,730 workforce jobs on-site – in a range of well-paid occupations once the development is complete, providing a long-term source of sustainable employment for people in need of jobs in the short to medium term.
 - The right environment for continued inward investment in the UK's film production sector - ensuring it can continue to grow and flourish in the future thereby supporting the creative industries in the UK.
- 9.4 It is important to highlight that the proposed development is of national significance to the film and high end television production sector and at the same time of high significance to Buckinghamshire and locally. The scheme would be one of the largest investments in recent years in Buckinghamshire and provide opportunity for employment at all levels, education and training, and film/TV/media related business growth. Developments of this scale and impact are rare.
- 9.5 Of significance is that the scale of economic benefits is even greater than that estimated for Screen Hub UK. The proposed development has higher outputs than SHUK:
- £350m more investment
 - 615 more jobs on site
 - Over 4,600 more jobs overall
 - £411m pa additional GVA

⁶ See Section 5 of Doc 07: Leading Recovery and Growth



- 9.6 The consultation response from Buckinghamshire Council Economic Growth & Regeneration is supportive of the proposed PSSH stating:

Summary and Recommendations

This proposal represents a substantial private investment from one of Buckinghamshire's anchor institutions. It will help to realise the potential of this economic asset to make a further significant contribution to the national drive to raise productivity, enable economic growth and further place Buckinghamshire as the focus and heart of the UK creative industries sector. It aligns with the aims and objectives of the Local Industrial Strategy for Buckinghamshire as well as the Economic Recovery Plan and Bucks Strategic Vision.

The proposal is of national significance and will be of significant benefit to the national, regional and local economies. This is particularly valuable as the economy continues to recover from the impact of the Covid-19 pandemic and faces ongoing uncertainties.

The investment will support significant job creation, directly and indirectly, in both the construction and operational phases. Through building on existing educational and business networks, this proposal will offer support for new and growing enterprises and will support the skills of both those looking to enter, as well as those already working in the sector. This investment will cement Pinewood at the heart of the UK film industry and will contribute to the growth of the local economy. The Economic Growth and Regeneration Team therefore welcome and fully support this proposal.

(See full consultation at Appendix 2)

10. Conclusion

10.1 There is a clear and consistent commercial case for the proposed PSSH ('need').

10.2 The case is founded upon the evidenced elements of:

- overcoming an acknowledged shortage of studio space in the UK
- economic development policy support for recovery and growth nationally and in Buckinghamshire
- Pinewood as a prime and preferred location at a national and West London Cluster scale
- contributing to improving skills, training and jobs
- customer demand
- substantial economic benefits

10.3 No other organisation or proposed studio can match Pinewood and its proposed creation of a global growth hub and the scale of its economic and social benefits.

10.4 The strength of this case alone provides the very special circumstances necessary to grant a planning permission in Green Belt.



Commercial justification for Pinewood Studios Screen Hub
A briefing to Buckinghamshire Council on 'need'

APPENDICES

October 2022

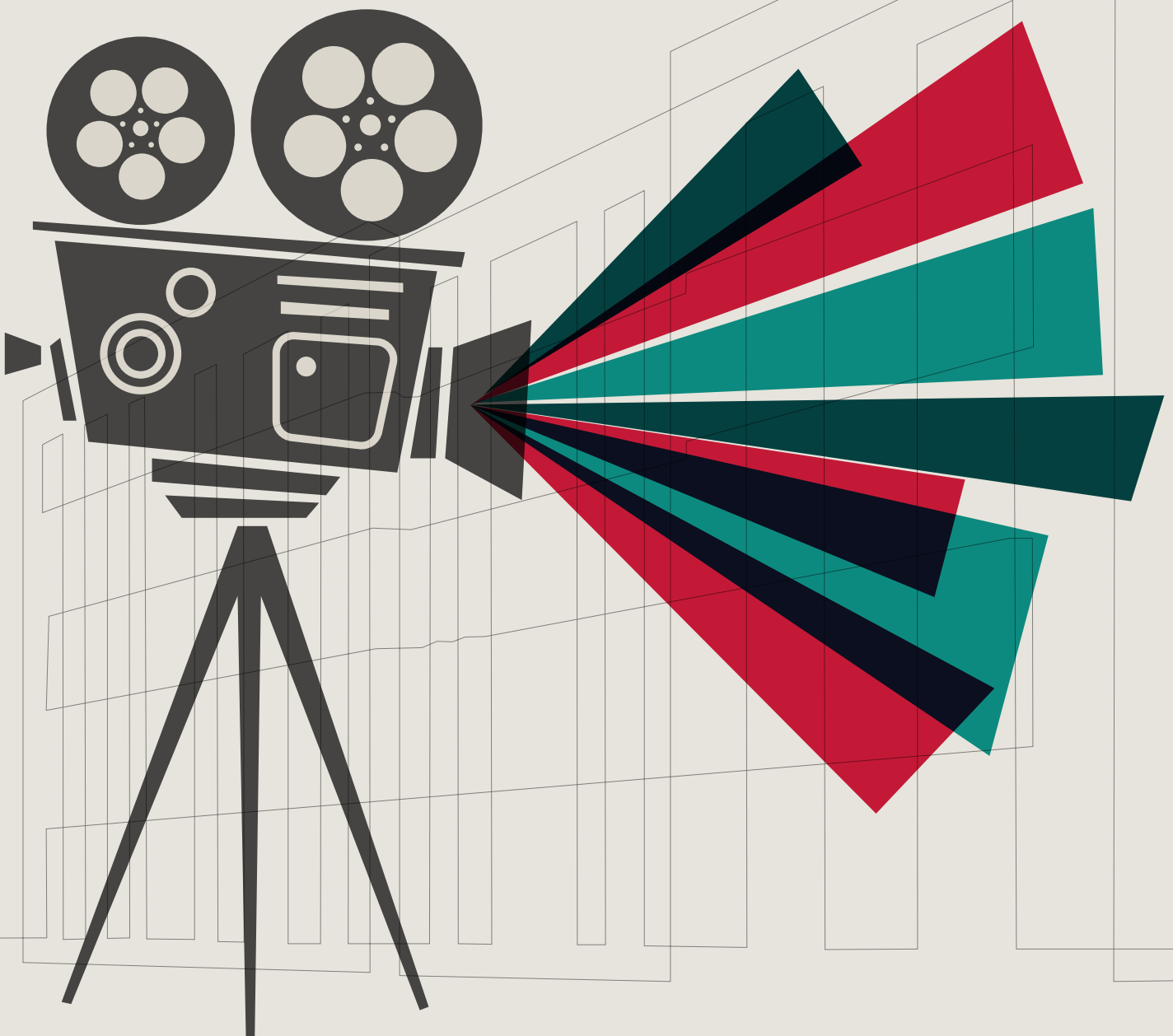


Appendix 1: Taking Centre Stage, Knight Frank 2022

Taking Centre Stage

2022

knightfrank.com/research



10 KEY POINTS

1

The supply of film studios on offer is insufficient to keep pace with the rising demand for new content. This shortage is placing sustained upward pressure on rents, driving the case for new development and investment in the sector.

2

As demand for new stage space expands across the UK, a key pressure point on the industry is the increasing shortage of skilled crew to meet this demand.

3

Major streaming platforms such as Netflix, Amazon Prime, and Disney+ are continuing to invest in British TV and film production, evidenced by their announcements in both co-production and original productions. These companies are making long term commitments to production in the UK, taking long leases on studios and/or sites and investing in training for crew.

4

London and the South East remain the focus for film and TV production, accounting for 60% of the current studio stock. Growth in both domestic and international streaming markets is likely to mean continued strong demand for studio space in and around the capital.

5

The landscape of studio space is expected to evolve considerably over the coming years. The government's levelling-up program may look to incentivise further investment and encourage more production companies to locate and invest in other cities and locations outside of the M25.

6

If growth in the sector is sustained, an estimated 63,000 jobs will be created in the screen industries across the UK by 2025 (Knight Frank Research).

7

Major studios, production companies and new studio operators are committing to space for longer and converting and adapting industrial space to satisfy their requirements. However, the structure of many industrial units and the level of conversion/retrofitting costs required to bring the unit 'stage ready' can pose a challenge.

8

Average spend per production is unlikely to maintain its recent pace of growth over the next five years, though it is expected to rise and this will mean more demand for large-scale, high-quality production facilities.

9

Feature film and HETV production spend in the UK rose from £2.85 billion in 2016 to £5.64 billion in 2021. If production spend over the next five years follows the same growth trajectory, we could expect it to reach £11.16 billion by 2026 (Knight Frank Research).

10

There are currently around 6 million sq ft of production facilities, and with total production spend forecast to double over the next five years, it is reasonable to assume that space requirements increase by a similar proportion. This would mean an additional 6 million sq ft of space needed (2022-2026) (Knight Frank Research).

Foreword

The growth of a diverse production industry in the UK coupled with well-capitalised major players is driving demand for, and investment in, high specification production facilities. The rise in demand for new production is driving the sector to provide more, better quality space which in turn provides opportunity for investors and developers.

The varied landscape of the industry means a range of opportunities, with requirements for studios ranging in size as well as demand for supporting businesses and facilities. Institutional investors and private equity funds along with UHNWIs are starting to take interest.

The growth of the sector is also driving broader economic benefits and helping boost demand for other property sectors, most notably for industrial warehouse properties. The growth of creative hubs and mixed-use developments are creating a ripple effect, helping boost demand for other services and impacting positively on residential values in these locations.

Freddie Owen

Partner, Capital Markets



OVERVIEW OF THE SCREEN INDUSTRY & FILM STUDIOS SECTOR

The dynamics of the UK film and TV industry are undergoing extraordinary changes, buoyed by the rapid growth in demand for original content from broadcasters, studios and streaming services as well as continued demand for feature film content.

While online streaming services had been booming long before the Covid-19 pandemic began, production in the industry underwent a temporary pause in March 2020 before readjusting in mid-2020, with increasing consumer demand during lockdowns resulting in production levels now soaring to unprecedented new heights. Employment in the creative sector is rising and key metrics such as production spend, streaming revenue and inward investment are all reaching new records.

The UK has for many years proved extremely popular as a base for screen production, underpinned by a combination of key market fundamentals including generous tax incentives, a highly skilled workforce and talent base, its world-class production facilities, and not least its indigenous natural landscape and scenery.

From a real estate perspective, the sector is suffering from an increasing shortage of purpose-built studio space, leading to surging rents and rising capital values. As a result, the market is seeing a growing number of new

investors and existing landlords looking to take advantage of the robust occupier market, evidenced by a wealth of capital now flowing into the studio sector.

The growing occupier market presents a range of opportunities for the property sector. Not only for investors and developers of purpose-built production facilities but also for the industrial and logistics sector, where large warehouses may be used to house production sets and smaller units may be demanded by supporting industries such as prop makers, lighting suppliers and other companies working in parallel to the industry.

The production industry: Content, investment and production spend

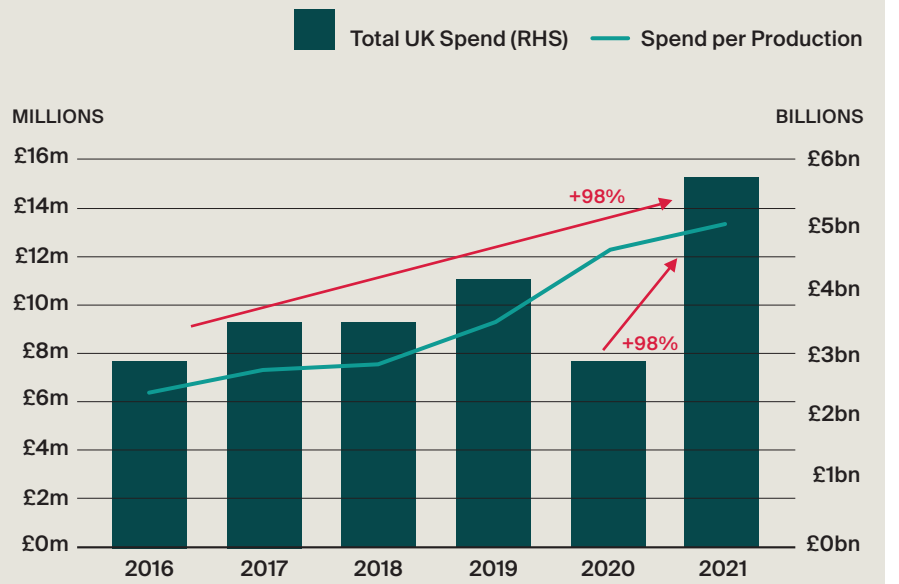
The UK has a mature and robust ecosystem of film and content production and was able to bounce back quickly and effectively following the onset of Covid-19 and this has given the country a competitive edge as a location of choice.

The production industry plays an important role in UK economic growth. Research by the British Film Institute (BFI) demonstrated a £12.4 billion (GVA) return from the UK government's screen tax reliefs in 2019. The research also estimated £131.6 million spent on building or expanding UK studios between 2017 and 2019, and an additional £3.6 billion in tax revenue was generated through capital investment into the sector's facilities and services. A record number of jobs were generated across the UK, with the BFI estimating that when ripple effects of the sector such as tourism, merchandise licensing and sales, and brand promotion are accounted for, the number of full-time jobs increased by 20% between 2017 and 2019, while an estimated £131.6 million was spent on building or expanding UK studios in the same three-year period, with knock-on job creation for other industries.

2021 was a record year for the sector, with the total spend in the UK on the production of films and HETV surpassing pre-pandemic levels to reach £5.6 billion. This figure has almost doubled across five years, from £2.8 billion in 2016. The average spend per production increased by 119% during this same period, from £6.1 million in 2016

Spending on UK Film and HETV

GBP per annum

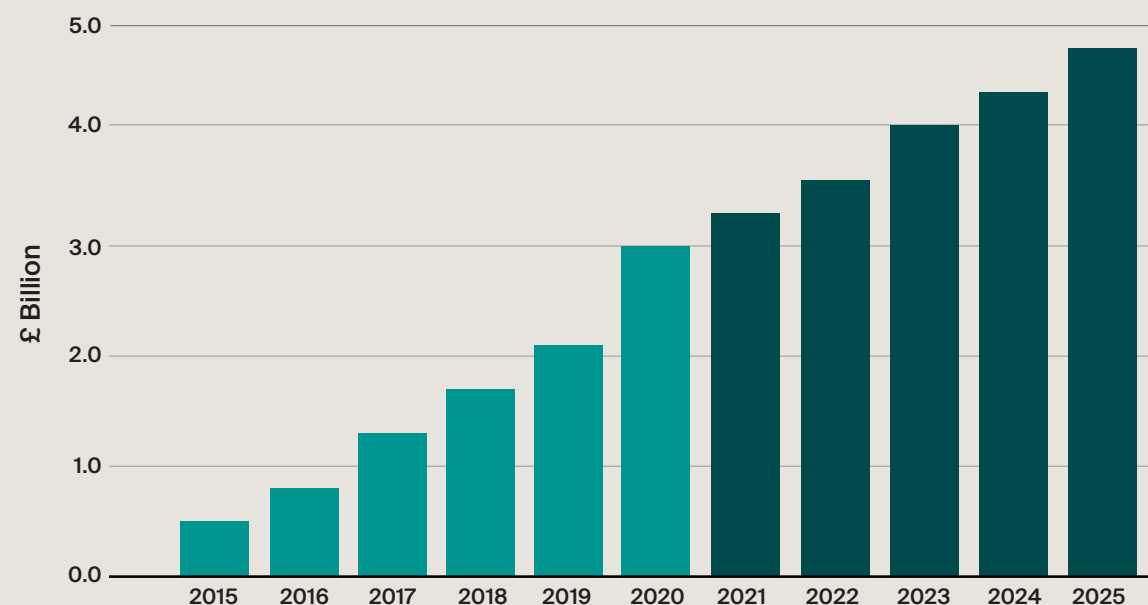


Source: British Film Institute, Knight Frank

to a new record of £13.4 million in 2021. HBO's Game of Thrones reportedly costing around £12 million per episode (later seasons) and Amazon Prime are reported to have a budget of US\$1 billion for production of their Lord of the Rings prequel. This highlights the increasing financial importance of large-scale productions to the UK film industry, with the UK's world-leading production crew and facilities in high demand from the largest content producers.

Streaming revenue

While the US continues to lead the way in video streaming with the highest revenue per user, the UK has witnessed sustained growth in recent years. A five-fold increase in app streaming revenue was recorded between 2015 and 2020, according to research by Business of Apps, reaching £3 billion in 2020 and £3.3 billion anticipated for 2021, with continued growth forecast over the coming years.

UK Video Streaming App Revenue

Source: Knight Frank Research, Business of Apps

The increase in streaming is key to driving additional need for content. Alongside Netflix, Disney+ and Amazon Prime, traditional broadcasters such as BBC and Channel 4 are also increasing content, in part due to rising demand for their productions and commissions from streaming platforms, with the Crown being a prime example. There is an increasing number of platforms that want to control the production of new content and therefore having their own studios in which to film this content enables them to better control and grow their pipeline of content.

Despite being a smaller market compared with the US and China, the UK has seen the strongest growth of the three. Annual streaming revenue in the UK increased by 500% since 2015, while the US overtook China as the most lucrative of these markets, with growth of 239% and 135% respectively in the same period.

BBC and ITV remain the powerhouses of UK TV production. However, Netflix, Amazon Prime and Disney+ have all pledged to continue to invest in British TV and filmmaking and this is evidenced by such companies taking huge amounts of studio space in the UK. Netflix signed for space at Segro Park, Enfield, while it plans to double the size of its production base at Shepperton Studios. Amazon Prime has recently agreed a long lease (over 10-years)

on 450,000 sq ft across nine sound stages, workshops and offices at Shepperton Studios. It will use the space to create exclusive content for its online media channels. Disney has a similar large-scale deal at Pinewood Studios, where Star Wars and Marvel films are based, and Apple has secured facilities in Aylesbury, Buckinghamshire. Apple have taken two warehouse facilities at Symmetry Park to be fitted out to create a film production facility.

The streaming wars have sparked a response from traditional broadcasters, with Sky unveiling its biggest-ever slate of original content, investing in 125 TV series and films this year. ComCast (who own Sky and NBC Universal) is committed to building a new large-scale complex at Elstree in Hertfordshire. Legal & General will be financing and developing the scheme. Once completed the studio is expected to create 2,000 jobs and attract a production spend of £3 billion in the first five years. Warner Bros are also planning expansion at their studios in Leavesden. Warner Bros have been filming at the site since 2012 and it is the preferred destination for the making of some of the biggest films including Harry Potter, Fast and Furious and Fantastic Beasts. Their plans for the site include the construction of 11 sound stages, four production buildings, and three workshops.

This growing demand for UK studio space by the largest content producers has meant that existing UK studios such as Pinewood, Shepperton, Elstree and Leavesden are booked out for years in advance. The shortage of space is driving the case for development and is placing sustained upward pressure on rents. Content producers need the certainty of being able to secure space, and as they produce more and more content, they can increasingly justify securing their own facilities, rather than renting on a short-term basis. This in turn is driving longer lease lengths for best-in-class, purpose-built assets and high quality conversions, thus the sector is becoming increasingly attractive for institutional investors.

It is not only the content producers themselves that are investing in and seeking to secure studio space. Established film studio platform operators that rent out space to content producers on a short term basis are also investing in and building new production facilities in the UK. Blackstone and Hudson Pacific Properties are planning a c.£700 million film, TV and digital production complex in Broxbourne, Hertfordshire. The project will be the partners first expansion of their Sunset Studios platform outside of the US.

KEY DRIVERS

Why is the UK so effective in attracting TV and film production?

The UK has a world-renowned base of talent and creative businesses. A combination of its specialised offering of physical infrastructure and facilities, skilled and experienced crew and talent, ever-developing supply-chain businesses and supportive fiscal environment created by the UK's creative sector's tax reliefs is driving the continued attraction of US and other international media production companies. Over the years, this has made the UK a natural and often first port of call for production.

Tax reliefs and other initiatives

Local, regional and national governments are competing to attract film studios and content producers through tax incentives and such incentive offerings have become the cornerstone of production companies' financing plans. According to Olsberg SPI, there are now around 100 incentive offers at country, state and provincial level worldwide, all competing with each other to attract the next big film or HETV series.

At a national level the UK offers tax relief of 25%, over time this government backing has made the UK a competitive and stable location for investment and given that UK tax incentives are supported by both major parties, the UK will continue to be an attractive place to produce film and TV content.

The government provided assistance to the industry in response to Covid-19 and its impact on production schedules, providing

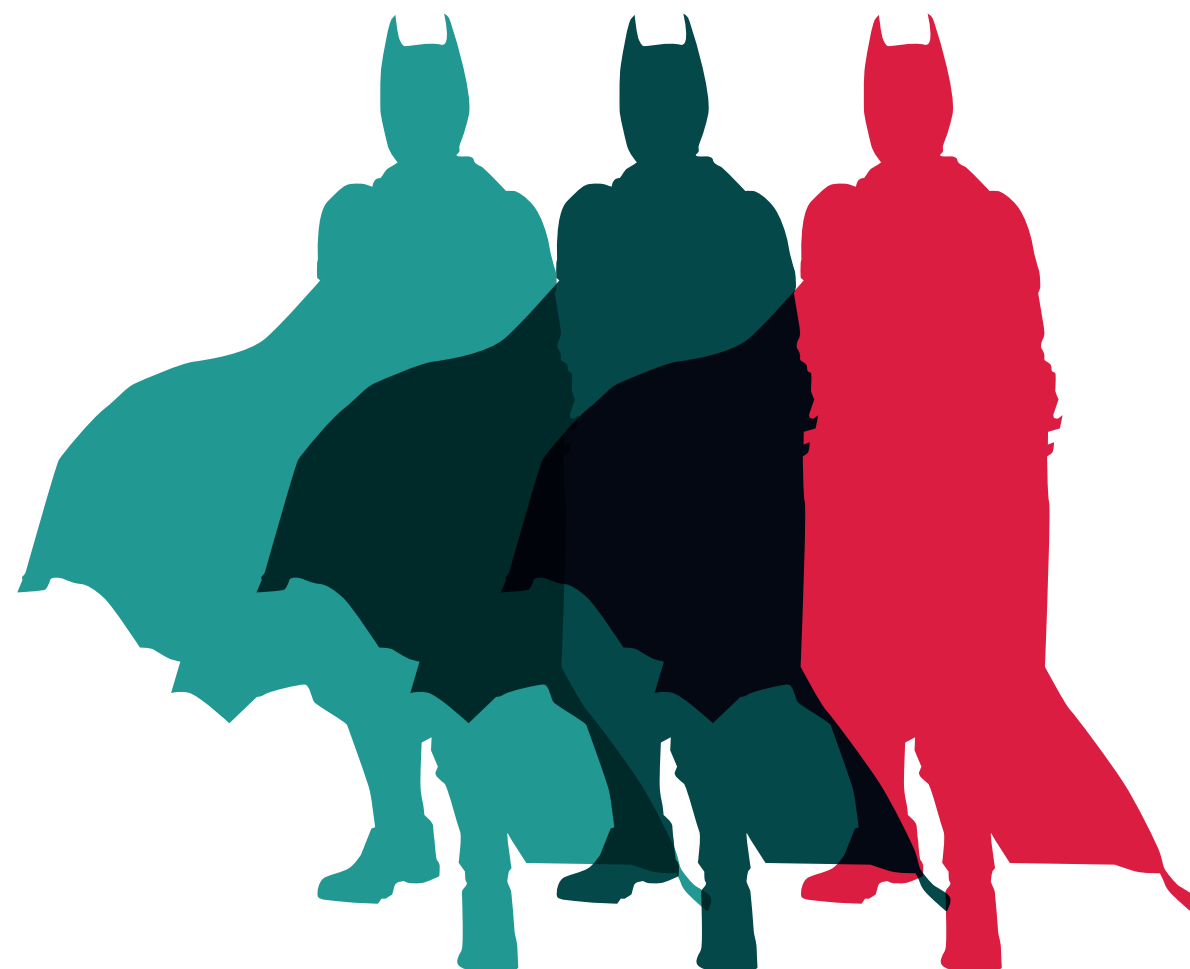
an indemnity scheme worth £500 million, offering insurance for Covid-related costs and helping firms get back into production. By the end of 2021, the scheme had supported 1,105 productions with a production budget of £2.8 billion and protected over 90,000 jobs.

At a regional and local level, several councils and combined authorities are also committed to supporting the growth of the creative industries, successfully securing funding and are using tools from Business Improvement Districts and Enterprise Zones to encourage the creative sector into their markets. Incentives include business rates discounts and start-up support in zones such as the North Kent Enterprise Zone and the Boho Zone in Middlesbrough, while in Leeds City Region, 'The Creative Catalyst' is a £1.5m scheme supporting 15 independent TV and film production companies in developing higher volumes and higher values of new content.

Culture and location

The UK, and London in particular, are well-positioned both from a cultural and geographical standpoint to attract major international media production companies. Along with being an English-speaking nation with a high standard of living, high-quality infrastructure and a wide variety of amenity offerings, its world-class film studios present a significant draw for production companies who have a European script but who may be looking for an English-speaking base with suitable air transportation links.

In addition, while British actors are in high demand, most international stars are happy to work for long periods in the UK resulting in a need to rent or purchase homes, particularly in London and the South East. Residential landlords are often open to the idea of renting out their property to tenants from the film and TV industry who spend a lot of their time on set, which reduces wear and tear. The number of residential letting enquiries and deals agreed from the film and TV industry were approximately one-third higher in 2021, compared with 2019 (source: Knight Frank). While international stars often take short lets in London and the South East, a growing number of high-end television productions means lengthier shoots and longer-term residential tenancies are thus becoming more common. Accessibility is key, with West London, Hertfordshire and the Home Counties proving particularly in demand locations due to proximity to the expanding major studios.



High calibre crew and talent

The demand for more and more content production and increased studio space brings an equal focus on increasing the crew base. The UK has a high calibre of both crew and talent already embedded here and the necessity to bring a crew from abroad is low. Not only is this the case in London and the South East but also across the regions, with several creative clusters across the UK benefitting from their own organic crew base. In addition, the UK remains attractive to international talent and student base, driven by its underlined and growing reputation as a creative nation, while the wide range of diverse cultures, in a location with English as a common language, enables the UK to attract both business and people.

CHALLENGES, SOLUTIONS AND OPPORTUNITIES

What are the key challenges faced by the sector and can solutions bring opportunity?

Demand for studio space outweighs supply

Challenge: As the UK production sector rises, it is becoming increasingly clear that the supply of studio space available to film new content is insufficient to meet this growing demand.

Whilst the UK currently benefits from approximately 6 million sq ft of stage facilities (units >5,000 sq ft), much of this comprises repurposed buildings or older facilities. The sector is seeing existing sound stage space increasingly oversubscribed, and both international and UK film and TV production companies are finding it extremely difficult to find suitable space, particularly around London and the South East.

Solution & opportunity: Historically, where production companies' demand for space was featured in short-term agreements on sites for one-off films or TV shows, companies such as Netflix, Disney+ and Amazon Prime are now taking master leases on whole sites for much longer periods. Not only does this

provide such companies with the ability to effectively maintain access to those facilities on a longer-term basis, which they require to keep pace with demand, it is also a de-risk from a landlord or investor perspective. Similarly, where studio clients traditionally had little or no interest in infrastructure investment and build-to-suit options, they are now having to consider this in their expansion plans due to the capacity constraints and this is a trend that we expect to continue.

Larger international operators are looking to take advantage of this, particularly in London and South East, but also in the North West, Yorkshire and the Humber, Wales, Scotland, Northern Ireland and the Republic of Ireland. The imbalance between supply and demand is, in turn, drawing international investors to the UK, particularly from North America, who are increasingly incentivised by longer leases coupled with rising rents and capital values.

There is also clear evidence of a growing number of warehouse conversions in and around the M25. Large warehouses owned

by major funds are seeing major production studios and studio operators committing to space on long term leases of five, ten or more years, and converting and adapting the space for long-term use. With the studio operator rather than the investor / landlord agreeing to taking on the risks associated with short term leases, void periods and the need for intensive management commitments. Where production companies or studio operators are considering industrial warehouses for conversion, they will typically require a long term lease on a large unit and will commit significant cap ex to the facility in order to bring forward a high-quality offering. This is a favourable risk profile for institutional investors.

While many industrial warehouses might be suitable in terms of size, the structure of the building itself and the level of conversion/retrofitting costs associated to bring the unit to the level required for stage production can be prohibitive. Parking is also a big issue; hours of film production can be very flexible so parking requirements are generally larger than a typical warehouse site can offer.

“The Crew Crisis”

Challenge: As demand for new stage space continues to expand across the UK and the corresponding demand for crew growing in tandem, the key pressure point on the industry is the increasing lack of securing film directors and skilled crew to meet this demand.

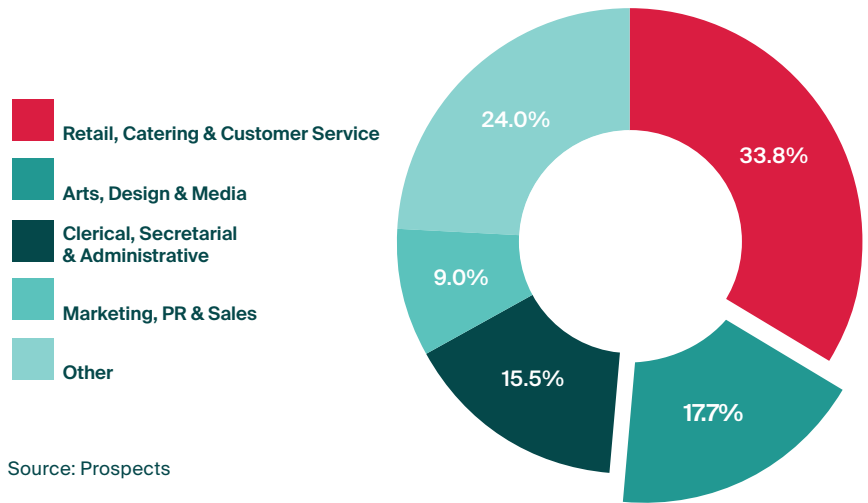
Staffing issues are at present the single biggest threat to the industry and this must be addressed to ensure the UK maintains its attractiveness as a competitive destination for investment.

Growth of the labour market

External factors bringing about change in this industry are having a significant impact on the sector’s labour market, particularly in terms of the number of jobs required and skills needed. Drawing on official Labour Force Survey data from the ONS and using the Standard Industrial Classification system (SIC) to classify the screen industries, Knight Frank Research estimates that approximately 228,000 workers were employed in the



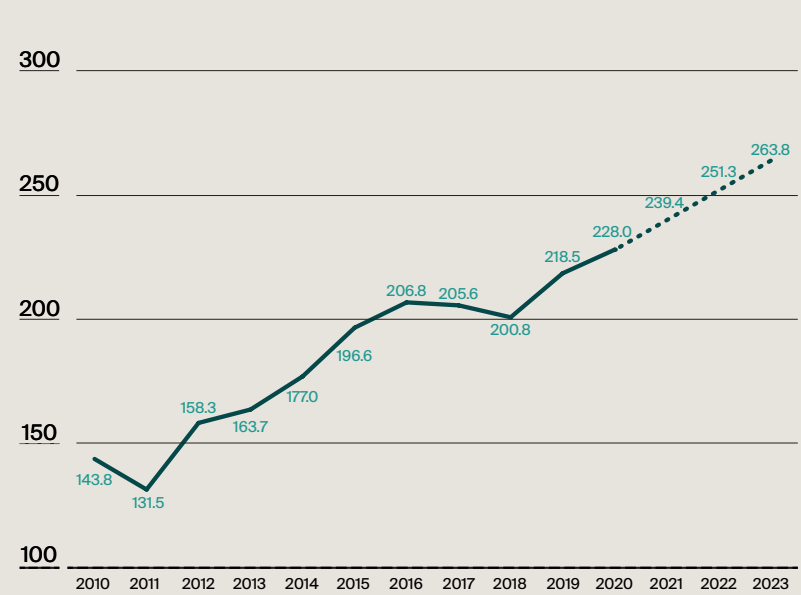
Film Production Graduate Employment 2020
% of graduates in work



Source: Prospects



UK Screen Industries Employment
Jobs ‘000s



Source: ONS, Knight Frank Research

Screen Industries in 2020. Using these same five-digit SIC codes to capture various represented jobs in the industry, an average rate of employment growth of 5.0% was recorded in the screen industries over the ten-year period (2010-2020).

“Assuming that this robust level of growth (5% p.a.) will be sustained, the screen industries could see an increase of approximately 36,000 jobs by 2023, to 264,000. Or an additional 64,000 jobs by 2025.”

The so-called “crew crisis” drives home the benefits of creating more defined pathways for talent development and retention within the sector. According to figures released by Prospects, just 17.7% of film production graduates are employed within arts, design and media industries (as of March 2020), with the remainder working within retail, administration, marketing, sales and PR. Given the value of the film and HETV industry to the wider UK economy, there is a compelling argument to be made for the implementation of support structures to cultivate a deeper talent pool if the UK is to maintain its position as a global industry leader.

“The development of supporting industries, and the talent which underpins them, requires investment proportionate to the expansion of the wider sector if current production growth is to be sustained.”

Solution & opportunity: Increased collaboration is needed between private enterprises, education providers and government to ensure the long term health of the industry is supported by a talented crew base. All of the big players, including the BFC, ScreenSkills, media production companies, studio operators, universities, and other further or higher education institutes, are working together to see how this issue can be overcome through investment in targeted training courses to increase access to experienced and diverse crew.

The BFC recently announced an extension of its partnership with The Production Guild of Great Britain (PGGB), investing a further £100k in targeted training courses that are designed to increase access to skilled crew. The funding, the second made to PCGB, the BFC under the government-backed Stage Space Support & Development

Strategy, will enable PGGB to deliver training for three key production office roles identified by the industry as needing urgent support. The rise in demand for streaming services is putting additional pressures on the industry, resulting in major media producers proactively seeking solutions. Key examples include Amazon committing to create 1,000 apprenticeships, while Netflix operates a range of training schemes, including the £1.2 million Grow Creative UK, which supported 1,000 apprentices in 2021.

Links with further or higher education are important, as has been the case just recently at Shinfield Studios and the University of Reading. While studios provide students with valuable industry experience and offer a route into the sector, studios benefit from a young, educated talent pool. Close links between education and industry can help shape the curriculum and better prepare graduates for work within the industry.

Locations that can offer a talented and experienced crew base will be best placed to attract studios and benefit from the growth of the sector.

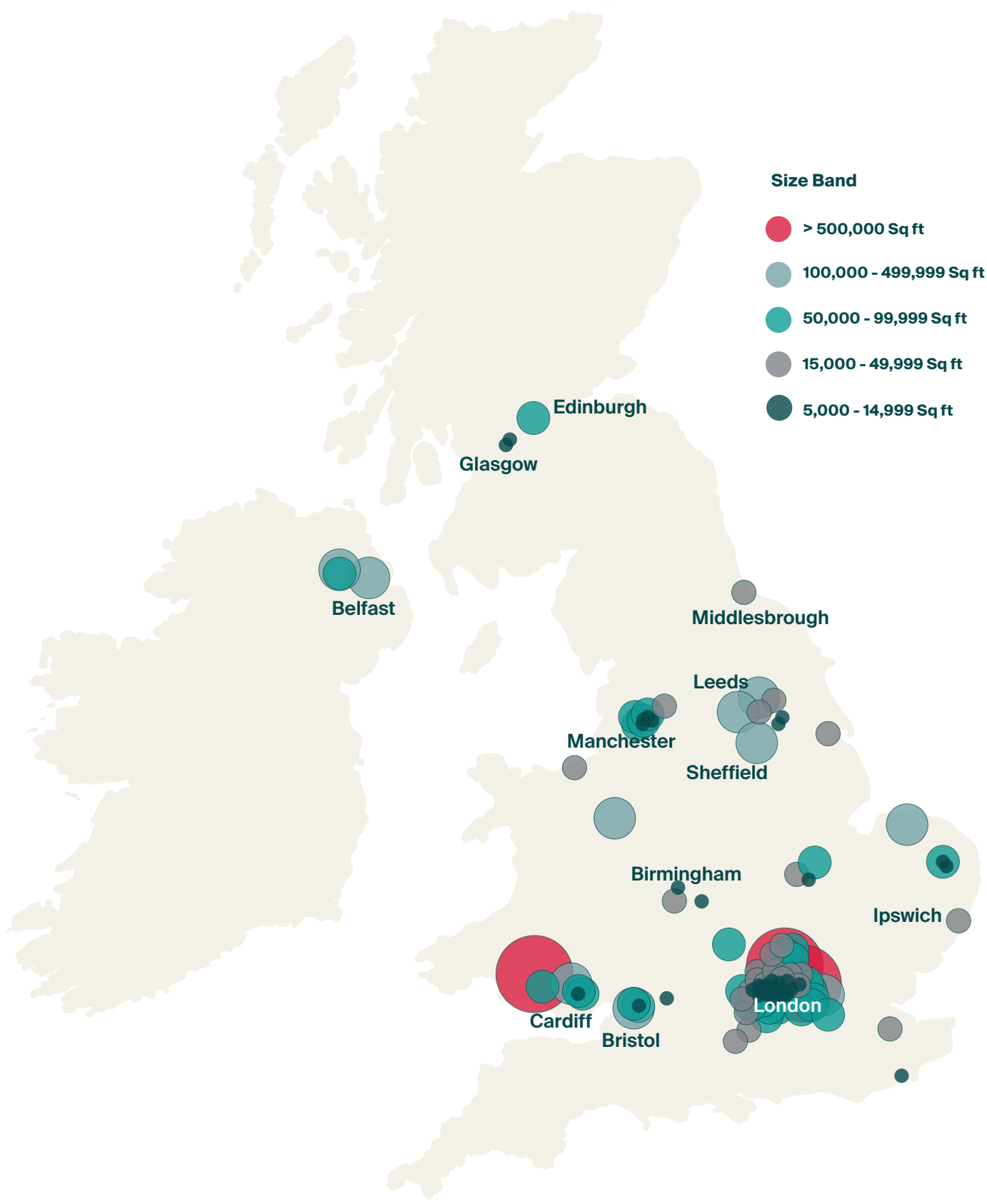


FACILITIES

The UK has c.6 million sq ft of general stage facilities (units > 5,000 sq ft).



Stock of TV and Film Studios by size band

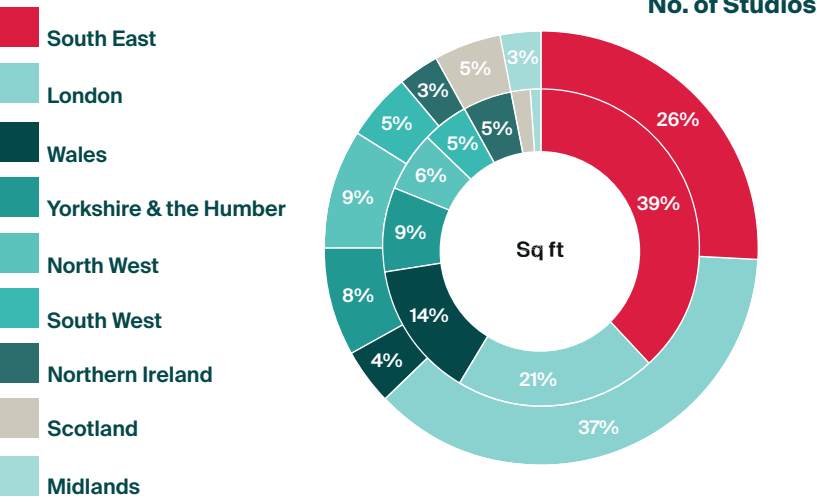


Regional distribution of facilities

London and the South East account for 60% of this space (39% in the South East region and 21% in London) with 14% in Wales and 9% in the North West. In terms of the number of studios across the UK, London dominates the market accounting for 37% of studios, with the South East at 26%, and the North West, at 9%.

Only two regions benefit from very large-scale studios (greater than 500,000 sq ft). Two of these are located in the South East and one in Cardiff. In contrast, one-third of film studios by count are in the smaller size bracket of 5,000-15,000 sq ft. However, with numerous large-scale projects planned across the UK, the nature and landscape of large studio space is expected to evolve considerably over the next five years.

Stock of Film Studios by Region
Sq ft vs No. of studios

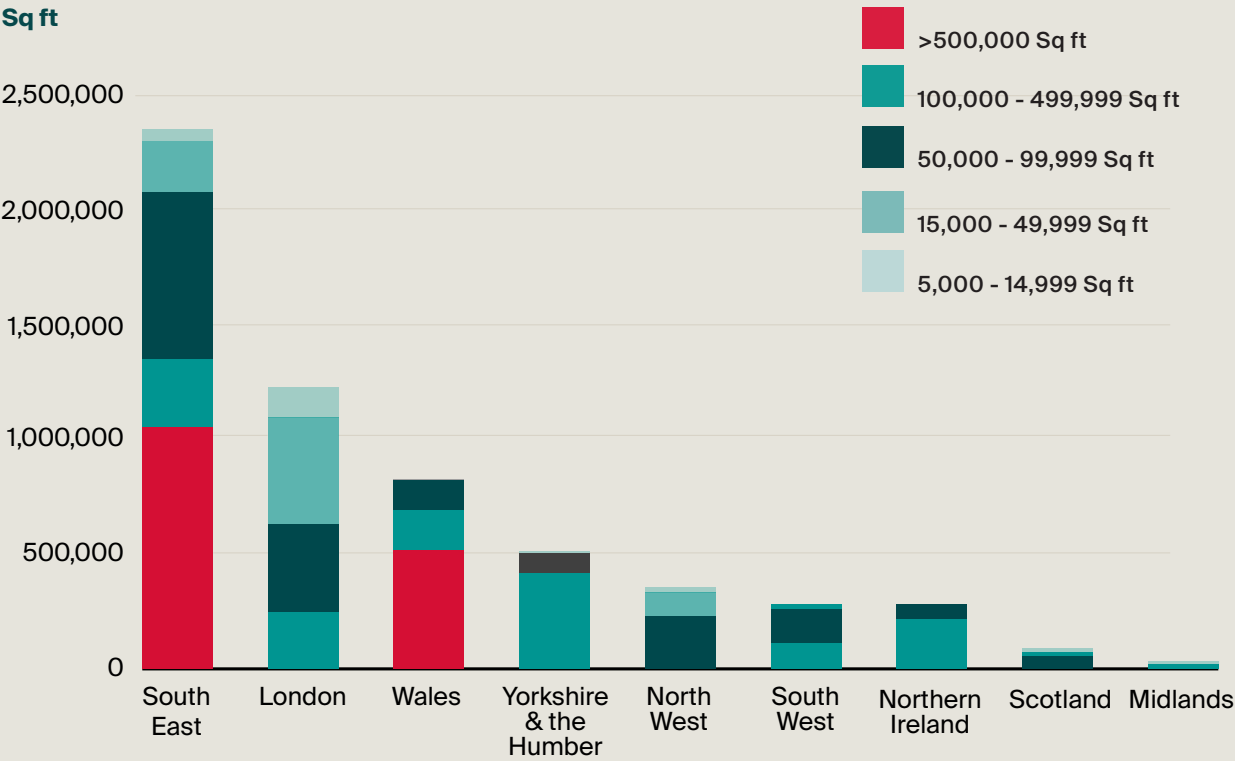


Source: Knight Frank Research

Top 10 UK Studio Development Schemes

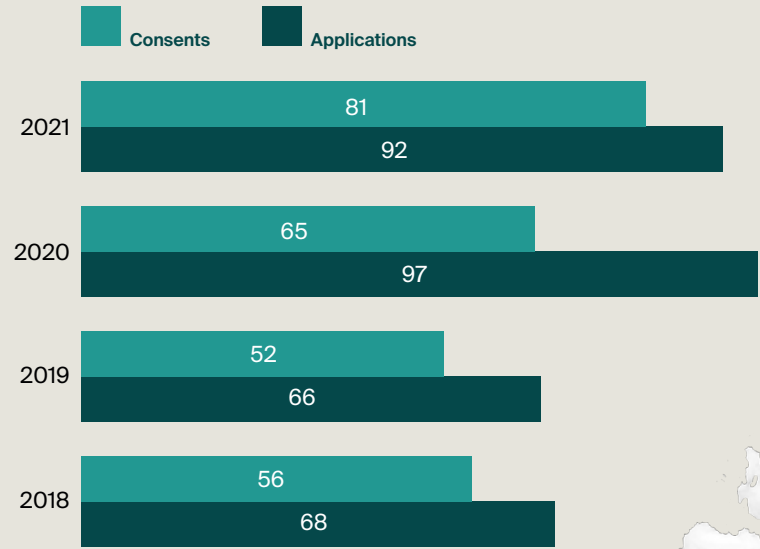
New studios/stages announced	Stages	Approximate Sq ft of stages	Planning/construction status
Pinewood Shepperton	14	465,000	Under construction (2023)
Sunset Studios, Waltham Cross	21	460,000	Planning application pending
Shinfield Studios, Reading	18	440,000	Under construction (2023)
Sky Studios Elstree	13	300,000	Under construction (2022)
Warner Bros Studios Leavesden	11	295,000	Planning application pending
Eastbrook Studios, Dagenham	12	252,000	Under construction (2023)
Bray Studios	10	150,000	Planning approved
Pinewood Studios	6	120,000	Planning approved
Winnersh Studios	6	120,000	Under construction (2022)
Wharf Studios, Barking	6	100,000	Redevelopment (2022)

Stock of Film Studios by Region & Lot Size



Source: Knight Frank Research

Film Studios Planning Applications



Source: Knight Frank Research, Glenigan

Development pipeline

The shortage of studio space has triggered a wave of plans and proposals for new purpose-built studio space across the UK. The number of planning consents for film studios has increased by 45% between 2018 and 2021, while applications are up 35%. It's worth noting that not all consented developments materialise due to development costs, funding, and planning obstacles.

Investors and developers who can bring high-quality, well-located developments to the market in the next few years will be well-positioned to benefit from surging demand for space, particularly in London and the South East.

Recent changes to the planning system have made change of use much simpler. Until 2020, the planning use class for film studios was B1(c) – light industrial. Only buildings of the same use-class could be converted and used without permission. However, this changed in September 2020, with the newly created Class E. This includes offices and retail properties amongst others. In theory, this could enable empty retail units or office spaces to be converted to studio use without the need for planning consent.

Building specification requirements and considerations for conversions

Budget, location/sights, and the script, alongside a need for crew, are key to driving requirements in terms of the location and specification of facilities. While developments are underway, the current demand/supply imbalance, particularly in London and the South East, means that companies are looking at warehouses that could offer the potential for conversion.

But what makes a space suitable (or not)?

The high costs associated with converting space can be a high risk for production companies that may not have the volume of production to fill it constantly. However, the major streaming platforms are confident that they can utilise the space effectively due to their high content requirements and can therefore justify higher fit-out costs.

Longer leases are being driven, partly through the need to amortise this capital outlay over a longer period.

Key considerations

1. Location: Close to amenities, infrastructure, and crew base but away from flight paths and major roads (to avoid intrinsic noise).

2. Eaves height: Premium studios need a minimum of 35ft floor-to-grid height, prefer 40-50ft.

3. Ceilings: The ceiling must have sufficient load-bearing to enable the grid to hang lightening.

4. Sufficient floorspace: Based on individual requirements.

5. Column-free expanses required for large sets: This makes modern warehouses more suitable than older buildings or other use classes.

6. Sound-proofing: Or more typically – the ability to create it.

7. Additional land and parking facilities: Room for unit vehicles, staff parking. Often require space for exterior sets in the back-lot.

8. Secure site.

9. Sufficient office space.

10. Workshops: Onsite for the building of sets and scenery.

THE MAIN TYPES OF STUDIO FACILITY

Purpose-built

These tend to be used for large-scale, high-end film and TV work. They normally require a large site, with extensive external works for the accommodation gallery vans, trailers, and other production facilities. There are relatively few of these in the UK at present. The most notable include Pinewood, Shepperton, and the Warner Bros studio in Leavesden. There has been strong growth in demand for these types of facilities in recent years due to the boom in streaming platforms and the need for content. The major players in the streaming industry have sufficient capital and demand for content and can therefore fill the production schedule and meet the high capital expenditure requirements needed for these types of facilities.

Refurbished / Repurposed

These are buildings that have been refurbished to create studio space. Depending on their previous uses, they

may require additional soundproofing to enable a suitable sound and light lock. There may be compromises in terms of ceiling height or layout due to building structure.

Flat or ‘shiny floor’ TV studios

These are typically used for light entertainment TV programs such as panel shows, game shows or talent shows, often filmed in front of a live audience.

Demountable and re-locatable

Flexibility and adaptability are becoming more important. Demountable stage space can be built more cheaply on open land than converting or repurposing an existing building. Stage Fifty has recently introduced a relocatable production space solution. These are temporary stages, albeit they are production-ready and built to a high specification with soundproofing and rigging. They can be built in around four months, range in size from 9,400 sq ft to 32,000 sq ft and have floor-to-grid heights of 10-15m.



Industrial warehouse (blank canvas)

These tend to be industrial warehouse units that can be used as a blank canvas to house production spaces. They are similar to a repurposed space, though they will lack soundproofing and other industry-specific considerations that will need to be catered for during fit-out. Within the warehouse, a production studio can be installed relatively quickly and cost-effectively, although creating enough space for production support can prove difficult.

OUTLOOK FOR THE SECTOR



Global demand for streaming to grow. Worldwide subscriptions to reach 1.6 billion by 2025.

Demand for streaming services and thus content is expected to rise significantly on a global basis. The number of global online video subscriptions rose 26% in 2020, to reach 1.2 billion subscriptions.

By 2025, the Motion Picture Associate forecast there will be 1.6 billion subscriptions worldwide. Growth is being driven by more platforms entering the streaming market and by a growing consumer base. As a result, audience demand for content is on the increase, and overall production spending is rising.

UK production spend to increase. Based on the historic growth trajectory, it could reach £11.2 billion by 2026.

Production spend in the UK rose from £2.85 billion in 2016 to £5.64 billion in 2021 (source: BFI), a compound annual growth rate of 14.6%. If the next five years follows the same trajectory, we could expect annual production spend to reach £11.16 billion by 2026. This would mean an additional spend of £5.52 billion per annum (source: Knight Frank Research).

So, what would this additional production spend mean in terms of facility requirements?

The UK will need an additional 6 million sq ft of studio space in the next five years.

There are around 6 million sq ft of production facilities, and with production spend forecast to double over the next five years, space requirements will increase by a similar proportion. This would mean an additional 6 million sq ft of space needed (2022-2026).

There is clearly a demand for more space to produce this additional content but how will the type and quality of production change and how will this influence the location and specification of building requirements?





4

Production budgets are rising and this will boost demand for large-scale, high-quality facilities.

Budgets for productions are rising and this is expected to continue over the short to medium term as a growing number of streaming services compete for subscribers. In 2016, the average spend per production was £6.14 million, this had risen to £13.43 million by 2021. Spend per production is unlikely to maintain the same pace of growth over the next five years, though it is expected to rise and this will mean more demand for large-scale, high-quality production facilities.

5

Growth in streaming subscriptions in emerging markets will boost demand for production space, particularly in London.

The strongest growth in streaming subscription services has been in emerging economies. Growth in South America, Africa, and Asia has been outpacing that recorded in Europe and the US. The growth of these markets will not only drive up demand for content, but also a

shift in the type of content these audiences want. While there is likely to be a widening in terms of the number of production bases globally, the UK has built a strong reputation for high-quality production and there is opportunity to build on this success. There is robust international demand for UK produced content, and the UK has an opportunity to capitalise on this and draw further investment from international film studios. The opportunity for this will be strongest in and around London, due to the city's international and multi-cultural nature and high level of amenities that appeal to an international talent base.

The continued growth in international streaming markets coupled with the clustering effect in London and the South East means that the region is likely to persist as the dominant location for production in the UK. This will result in continued pressure for facilities in the region. As a consequence, there is likely to be an increase in development activity, which is likely to comprise a mix of temporary stage space, purpose-built production facilities and warehouse conversions.

6

The government's "levelling-up" agenda could boost activity outside London.

That said, there is also likely to be pressure on the government to ensure their "levelling-up" agenda is pursued within the creative

industries sector. Many of the British broadcasters such as the BBC, ITV and Channel 4 have been incentivised to relocate production away from London, to other parts of the UK. Will international production studios such as Netflix come under pressure to find locations beyond the M25?

The availability of crew is likely to constrain growth of the regional markets in the UK. However, purpose-built facilities or facilities that have been heavily invested in and have long-term tenant commitments are less likely to have void periods, particularly with rising demand for streaming content. This will therefore support more permanent, sustainable new jobs.

7

Larger platforms, longer-term commitments, and higher quality studio space will encourage more institutional investment.

Broadcasters, streamers, and production houses are increasingly committing to studio space on a long-term basis. This is acting to encourage more institutional investment.

The streaming market is expanding, with the number of providers on the rise. According to Flixed, there are now over 200 streaming providers worldwide. However, over the next five years, we expect to see consolidation in the streaming market, through a series of mergers, partnerships and acquisitions. In May 2021 Discovery announced plans to acquire WarnerMedia from AT&T, creating a giant content conglomerate, more able to compete with the largest platforms such as Netflix.

Consolidation will mean fewer, well-capitalised players, demanding high-quality production space and making long-term commitments to this space. As the major players grow in scale, their covenant strength and the quality of facilities they occupy will improve and attract more institutional capital into this growing real estate sector.

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Appendix 2: Consultation response from Buckinghamshire Council Economic Growth and Regeneration on PSSH application, 30 September 2022



Directorate for Planning, Growth & Sustainability

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Economic Growth and Regeneration Planning Application Response

Date: 30/09/2022

From: Donna Wilkinson

Application reference:	PL/22/2657
To DM Officer:	Rachel Marber
Site:	Land South Of Pinewood Studios and Alderbourne Farm Pinewood Road Iver Heath Buckinghamshire SL0 0NH
Proposal:	A hybrid application to comprise: Part A - Full application for the change in use of 25.6 ha of land at Alderbourne Farm to form a nature reserve with footpaths, biodiversity enhancements, associated parking and infrastructure. Outline application with all matters reserved (except for principal points of access) for land at Alderbourne Farm for backlots and up to 35,000 sqft (3,252 sqm) of associated film production buildings (workshops) together with access roads and parking; Part B - Outline application for Pinewood South on 32.6 ha of land with all matters reserved (except for three principal points of access) for up to 1,365,000sqft (126,817sqm) of film production buildings (to include sound stages, workshops, offices and ancillary uses), education and business hubs with associated ancillary structures together with backlot, multi storey car parks, accesses and green and blue infrastructure.
Comments on application:	
<p>Introduction</p> <p>The comments that follow are based on our interpretation of the local economic benefits as outlined in the application and supporting documentation (in particular, Document 7 Leading Recovery and Growth and Document 13 Social and Economic Impact Report). They do not take into account any wider planning considerations.</p> <p>Fit with Local Strategy</p> <p>The submission includes commentary on the alignment with relevant strategies at national, regional and local level and it is clear that this proposal will deliver towards a number of these strategic aims.</p> <p>Buckinghamshire's Local Industrial Strategy (LIS) was developed in 2019 and sets out how the area will deliver the National Industrial Strategy's aim to raise productivity levels and to create high-quality, well-paid jobs. The LIS builds on the county's four key economic assets and unique capabilities and the momentum from current investment to help grow the economy and help Buckinghamshire to realise its potential as a truly world class and attractive location for business investment. One of the four world leading assets and sectoral strengths of Buckinghamshire, and a cornerstone of the LIS, is Pinewood Studios, the home of the British film industry and centre of excellence for film and TV production. Pinewood Studios, alongside the National Film and Television School, is at the heart of the creative industries sector cluster.</p>	

Furthermore, the LIS seeks to boost the take up of industry placements in disciplines befitting the Buckinghamshire economy and to facilitate apprenticeships and employment-led models to address growing skills needs. It also refers to the need to support scale ups and support inter-network innovation and promotion of cross sector ambitions and to develop new and enhanced high quality incubation and co-working spaces. The proposed Centre Stage, incorporating an Education Hub managed by the NFTS and a Business Hub overseen by Buckinghamshire Business First, would help to support these aims.

The Buckinghamshire Economic Recovery Plan, produced by the Local Enterprise Partnership in 2020, outlines the actions needed to ensure businesses and residents across Buckinghamshire can adjust to changing economic circumstances associated with, and accelerated by, the Covid-19 pandemic. The Plan emphasises the ongoing, and increased, importance of the county's four key assets in driving recovery. Specific reference is made in the Plan to Pinewood, with support for a Global Growth Hub and new studio development on the site.

The Buckinghamshire Strategic Vision, produced by the Buckinghamshire Growth Board, sets out the ambition for a thriving, resilient and successful county. Specific reference is made to the role of Buckinghamshire's growth sectors in underpinning this and the aim to capitalise on existing specialisms and economic hubs, of which the creative sector and Pinewood is one. The Vision further highlights the importance of skills, local employment opportunities and flexible commercial space to support the growth of SMEs. Again, through the provision of skills and education; support for businesses and the creation of significant employment opportunities, this proposal will support the delivery of the Strategic Vision.

Economic Benefits

The supporting documentation clearly articulates the value of the film and television sector to the national, regional and local economy, particularly in relation to levels of employment and inward investment. It articulates the role that the proposal could play in supporting the ongoing growth of the sector, in addressing the shortfalls in studio space and addressing skills challenges.

Employment and Skills

It is estimated that through investment of approximately £800 million, the proposal will create 3,000 construction jobs, over 8,000 jobs (direct and indirect) once operational and will contribute £640 million to economic productivity (GVA) annually. It is particularly encouraging that a range of jobs will be created, with a focus on "sustainable and well-paid" employment. Further detail on the type of jobs to be created would be beneficial. This should also outline opportunities for Apprenticeships, Traineeships, work experience - all to have a focus on people of all ages.

To maximise the local economic impact of the scheme, we would encourage consideration to be given to efforts to ensure local residents can be assisted to secure the employment opportunities available. Links with the CITB (in the construction phase), DWP/Jobcentre Plus and Restart providers should be encouraged, alongside widespread and early promotion of activities within neighbouring areas.

The NFTS is a well-recognised and respected provider of tertiary and vocational education in the creative sector and this proposal affords an opportunity for them to build upon and enhance their existing curriculum offer in Buckinghamshire. The proposal for an Education Hub will see a range of courses offered, from craft skills training and production training, to residencies and CPD for those already employed in the sector.

As the Buckinghamshire Local Industrial Strategy highlighted at the time of its publication, the population aged 20-30 years in Buckinghamshire was 10% below the national average. In part, this can be attributed to the loss of young people to universities outside of the county, who on graduation, do not return to Buckinghamshire. As such, it is important that there are opportunities available to young people within the county, that they are aware of such opportunities, and that they have the support to access these. We therefore welcome the proposals for engagement with the Bucks Skills Hub and schools outreach, including careers talks, tours, and short courses.

Through such provision and engagement, the proposal will also support a number of the activities identified in the recent British Film Industry Skills Review, particularly around bridges from education to industry; industry led investment in training and more comprehensive careers information.

It is further proposed that the Education Hub offers adult education, training and retraining provision. Pinewood have experience of involvement in such schemes, for example through the Aviation to Film programme which supported those who lost jobs in the aviation sector to retrain to secure alternative employment in the film and television sector.

As the supporting information shows, unemployment levels remain above pre-pandemic levels, so ensuring residents have the skills needed to secure employment within growing sectors is important. Similarly, through the new Opportunity Bucks programme, the Council is prioritising the levelling up agenda and seeks to address disparities in opportunities through a focus on ten wards with the highest levels of deprivation. Jobs and careers and education and skills are two key themes of the programme, and again, through the focus on skills development as well as the employment to be created, this proposal can contribute to the aims of Opportunity Bucks.

Enterprise

It is suggested that the Business Growth Hub will support the development of 50 new enterprises through a combination of pre-start up and start up support, incubation space, business accelerator programmes and film/media related space. As a county dominated by small and micro enterprises, it is important that support and provision is available. Bucks Business First have a strong track record of delivering assistance to Buckinghamshire's businesses, so their commitment to the Hub is encouraging. Opportunities for businesses both at the Hub and across the sector generally, to take advantage of procurement opportunities, to collaborate with each other, and to capitalise on the creative and digital clusters that exist across and close to the county, would be welcomed.

Impact on Town Centres and Placemaking Considerations

The proposed development will generate increased traffic movements across the local area and we will be looking to engage with colleagues in Transport to ensure the measures proposed to secure greater access by public transport and more active travel (through footway and cycleway improvements) are sufficient.

Our aim will be to ensure that the potential benefits to those town centres in close proximity to the development are not outweighed by the disadvantages resulting from increased traffic generation and any loss of green space. We are interested in exploring how connectivity between the site and the town centres can be enhanced, in a way that not only increases mobility but contributes to wider and longer term ambitions and regeneration strategies for these centres.

We would like to see consideration given to how employees at the studios be encouraged to play a more active and sustainable role in the local area, including supporting high street businesses. Also, how can we understand and capitalise on the needs and aspirations of those working in the film and TV sector to influence our approach to place making and vibrant town centres? With a specialist Regeneration team now in place within Economic Growth and Regeneration, we would request involvement in wider discussions around place making and connectivity.

Summary and Recommendations

This proposal represents a substantial private investment from one of Buckinghamshire's anchor institutions. It will help to realise the potential of this economic asset to make a further significant contribution to the national drive to raise productivity, enable economic growth and further place Buckinghamshire as the focus and heart of the UK creative industries sector. It aligns with the aims and objectives of the Local Industrial Strategy for Buckinghamshire as well as the Economic Recovery Plan and Bucks Strategic Vision.

The proposal is of national significance and will be of significant benefit to the national, regional and local economies. This is particularly valuable as the economy continues to recover from the impact of the Covid-19 pandemic and faces ongoing uncertainties.

The investment will support significant job creation, directly and indirectly, in both the construction and operational phases. Through building on existing educational and business networks, this proposal will offer support for new and growing enterprises and will support the skills of both those looking to enter, as well as those already working in the sector. This investment will cement Pinewood at the heart of the UK film industry and will contribute to the growth of the local economy. The Economic Growth and Regeneration Team therefore welcome and fully support this proposal.