CHAPTER TWO

DOES LONDON HAVE A PLAN?

The Mayor's office, with its distinctive curved design, and the iconic Shard tower.

The good news is there is a plan. But not everyone believes that the Mayor's 20-year blueprint will future-proof London

THE BRIEFING

- The London Plan creates a 20-year blueprint for the capital's development.
- Opportunity Areas have been set out for development.
- Every borough has to act in accordance with the London Plan.
- London's population is forecast to grow by 1 million in 20 years.
- The capital will require an additional 45 million sq ft of office space by 2031.

There have been extensive drafts and revisions, but London finally has an updated planning strategy in place. Since it came into force in July 2011, the London Plan – an integrated 20-year blueprint for the capital's economic, environmental, transportation and social development – has received a mixed response. Some have welcomed its comprehensive approach, while others have criticised it for already being out of date.

One thing the key players all agree on is the fundamental need for a strategic plan for London. "Without a plan you get each borough doing its own thing," says Roger Hepher of Savills Planning and Regeneration. "Investors are looking for certainty. If they put money into a shopping centre in outer London, they will be making a 20-50 year commitment. They want to know that the infrastructure to support the centre will be there."

Words: Shayla Walmsley

For much of the industry, the London Plan represents what Michael Edwards, a planning specialist at the Bartlett School at UCL, describes as a "pro-growth, pro-developer" vote of confidence.

The big benefit to investors and developers is that the plan sets out defined priority areas. These include Opportunity Areas, which mostly sit in corridors running out from central London. The single most important of these is the Thames Gateway, an extensive zone of land that extends from the city into Kent and Essex. This is a national priority area for regeneration.

Equally important, the plan gives guidance at a local borough level. The Local Development Frameworks of the Boroughs, who will determine the majority of applications, ensures that every borough has to be in general conformity with the London Plan. For Tanya Adams, a Town and Transport Planner, that's a big step in the right direction.

"The previous London Plan 2004 and 2004 with Alterations was often criticised for being too focused on central and east London, pushing growth and investment into these areas at the cost of the other areas of the city," she explains. "The new plan tries to address this. While the majority of opportunities for large development still reside in east and central London, there are other areas, such as north-west London and the west London fringe, that have emerged as new potential investment locations. There is a clear onus on local boroughs to bring forward growth and development in their area."

However, the plan has been criticised for being out of date. "The London Plan was last updated two years ago," explains Andy von Bradsky, chairman of PRP, specialists in sustainability. "While it sets a benchmark for national standards, in view of the economic environment, some aspects of the plan may take longer to deliver and priorities may have to change. So it's important that it continues to be reviewed to check viability and appropriateness."

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THERE IS A CLEAR ONUS ON BOROUGHS TO BRING FORWARD DEVELOPMENT IN THEIR AREA

Tanya Adams says that the Plan's greatest strength is that it gives a policy structure for the capital's boroughs. "For example, the plan sets targets in the housing sector," she explains. Outlining these is always problematic, especially at a local level as it raises the issue of sourcing appropriate sites. But Adams believes the London Plan was right to grasp the nettle.

"Having no targets gives uncertainty for all," she explains. "Without them, boroughs could end up with unsustainable sites being developed before more tricky brown field sites or urban renewal areas."

With the capital's population forecast to increase by one million over the next 20 years, housing will become more, not less, of an issue. The independent Examination in Public Panel on the Plan concluded that London's annual housing requirement stands at between 34,900 and 37,400 units, somewhat above the original estimate of 32,210. At the same time, the housing market is facing a lack of rental stock, unavailability of mortgages and a residential pipeline that has stalled as developers struggle to access bank finance.

East and central London are key areas for development.

Overall, the residential element of the London Plan remains largely unchanged from earlier versions. "We still have the capacity-based borough housing targets, a density policy based on 'optimisation' and minimum space standards," says Duncan Bowie, a planning specialist at the University of Westminster.

What is different this time is that the targets for social housing and private-sector affordable housing have been combined. "This is the one real shift that will potentially impact how investors view the sub-sector," explains Bowie. "Primarily because it could affect the size of the market."

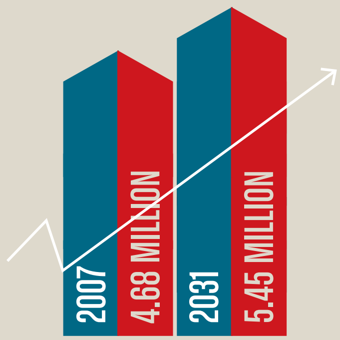
What policy-makers should focus on next, says John Rigg of Savills Central London Markets, is ensuring that the plan delivers on its commitment to improve the capital's infrastructure. That includes not only transport, but also basic utilities.

"We're not facing a crisis, but there are concerns," he says. "In recent times, we've had power outages in the West End. The network is creaking at the seams and we could find ourselves in a situation where investors and developers won't proceed with a project because there's no guarantee that it will be able to operate."

It might have been years in the making, but it seems that the London Plan still has a lot to deliver. ❖

PRIME NUMBERS

The London Plan aims to cater for the capital's growth over the next 20 years



LONDON JOBS

Projections suggest the total number of jobs in London could rise from 4.68 million in 2007 up to 5.45 million in 2031.

By 2031, office-based employment is estimated to grow by 22% in outer London and 25% in inner London.

£50 MILLION

The Mayor's Outer London Fund is set to spend £50 million over three years to grow economic activity in areas that won't benefit from large-scale infrastructure.

£1.8 billion of public funding was secured for housing, unlocking £3.7 billion of private and other investment for affordable London homes between 2011-15.

2007	2013
1.56 MILLION	1.98 MILLION

Business and financial jobs could grow from 1.56 million in 2007 to 1.98 million in 2031.

The Mayor's office wants an additional

40,000

hotel beds created by 2031.

The number of households in the city is expected to grow by nearly 700,000 in the next 20 years.

London will require an additional

45 MILLION SQ FT

of office space by 2031.

Compiled by Laura Latham Source: The London Plan

BY THE NUMBERS KING'S CROSS

£2.5 billion
Invested in local infrastructure. Three mainline train stations are within a few minutes' walk – King's Cross, St Pancras and Euston.

500,000
The area in square feet of retail space, plus 2,000 new homes.

50
New and restored historic buildings and structures.

100%
Of the development's heat demand will be met by the on-site Energy Centre.

10
New parks and public spaces are being created, together with 20 new streets.

SAVILLS

KING'S CROSS

David Williams,
Executive Director at Savills

≥ King's Cross will redefine the way people work and live in London. The 67-acre development offers seamless living for workers and residents and is being built around 10 new public spaces and 20 new streets. This new urban quarter for central London is served by the capital's best transport links at King's Cross, Euston and St Pancras with Eurostar's fast services to Europe.

Roger Madelin, joint chief executive of property company Argent, believes King's Cross is having a huge impact on the capital. "The sheer scale of the established infrastructure has made King's Cross the envy of London," he says.

Savills advises Argent, DHL and London and Continental Railways on the leasing and pre-leasing of around 3.4 million sq ft of commercial space in some 24 new and refurbished buildings. In addition to the construction of two new speculative office buildings around Pancras Square, totalling 55,000 sq ft and 130,000 sq ft respectively, two large occupiers BNP Paribas and The London Borough of Camden have exchanged contracts on a total of (approximately) 550,000 sq ft of office space.

ST PANCRAS TO ≥ CALAIS 1HR 2MIN / LILLE 1HR 22MIN / BRUSSELS 2HR 1MIN / PARIS 2HR 16MIN

KING'S CROSS TO ≥ LEEDS 2HR 13MIN / NEWCASTLE 2HR 49MIN / EDINBURGH 4HR 23MIN

EUSTON TO ≥ BIRMINGHAM 1HR 42MIN / MANCHESTER 2HR 27MIN / LIVERPOOL 2HR 28MIN

SAVILLS

EARLS COURT

Dominic Grace of
Savills London Residential Development

Savills is working on behalf of Capital and Counties, which is leading the regeneration of this 77-acre site, which straddles the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham. This regeneration will transform the area through the provision of over 6,000 residential units, as well as extensive business, hotel and retail outlets. Savills has been providing detailed input into all elements of the private housing element of the scheme.

SEAGRAVE ROAD This redevelopment will provide 808 new homes spread across eight new buildings, designed as a series of modern mansion blocks and town houses. They will be linked by new streets, a large garden square and a number of courtyard gardens.

MAKING TRACKS

The arrival of Crossrail will create unique investment opportunities

Great Portland Estates is currently developing three major London projects. Geographically, they are spread around the capital – Hanover Square (205,000 sq ft), Rathbone Place (187,300 sq ft) and Grays Inn Road (246,500 sq ft). But they all have one thing in common: each location is close to a new Crossrail station.

The Crossrail project will have a profound impact on office locations and rents across the capital. Due to open in 2018, this 37-station stretch of track (which cost £15.9 billion) will seamlessly join up west and east London. Travellers will be able to travel direct from Paddington to Canary Wharf, through stations at Bond Street, Tottenham Court Road, Farringdon and Liverpool Street, in just 16 minutes.

It offers significant opportunities to property investors. Busy stations like Bond Street will see an estimated 40% increase in the number of people passing through – rising from 155,000 to 220,000 a day. Not surprisingly, Great Portland Estates' Hanover Square development will adjoin one end of the station's new booking hall.

At the same time, the previously unfavoured eastern end of Oxford Street will, thanks to its added Crossrail connection at Tottenham Court Road, experience a surge of new capital investment. As well as the Rathbone Place development (which is located on the old Royal Mail sorting office site), there is Derwent London's proposed 280,000 sq ft mixed-use scheme at 1 Oxford Street and the opening of a giant new Primark store.

"All the evidence is that these upgraded rail links will be supporters of commercial development," says Steven Joseph, chief executive of the Campaign For Better Transport. "The demand is clearly there. Just look at what happened on the London overground – within a week of the larger trains being introduced, they were as full as their smaller predecessors had been."

Crossrail will also bring an extra 1.5 million people within 45 minutes' commuting distance of London's key business districts. This will have a direct impact on the capital's economy, enabling employers to draw from a deeper pool of talent. The recent Savills report, What Workers Want, demonstrates that shorter commuting times play a key role in attracting and retaining staff.

"The real trick," says Paul Cockburn of Savills Investment, "will be for investors to identify not just the areas that will benefit from better rail links in the short term, but also which office buildings and retail pitches will be the medium and long-term winners."

Wherever they happen to be, the message is clear: if you want to make a gain, follow the train. ❖

Words: Christopher Middleton

BY THE NUMBERS CROSSRAIL

PADDINGTON STATION TO:

- 2 min – Bond Street
- 4 min – Tottenham Court Road
- 7 min – Farringdon
- 9 min – Liverpool Street
- 12 min – Whitechapel
- 16 min – Canary Wharf
- 17 min – Stratford

FORTUNE FAVOURS THE SMART

Expert advice is key to planning success, as Julian Clark of Savills National Recoveries explains

London has one of the world's most sophisticated and complex planning systems. While this protects investment values by moderating the pace of change, it can be a time-consuming and expensive process.

This is especially true of large, complex schemes. Major developments Savills has been closely involved with, such as the Westfield shopping centre and Wembley, have required large professional teams, long time frames and considerable patience on the part of the promoters.

So what can be done to reduce the cost and improve the chance of success?

Firstly, it's important to select a site where there is a reasonable prospect of matching government and public opinion. While some of London's greatest successes have been iconoclastic – such as Canary Wharf and Wembley – in the current climate it pays to research locations that fit the expectations of key decision-makers.

Julian Clark of Savills

Also accept that cutting corners rarely brings success. The schemes that stand the best chance of success involve the best designers, experts and high-quality project management. Any weaknesses are likely to be exposed by the planning system.

Next, it's vital to get people on board. That means engaging with the local community. Many schemes have been defeated or delayed because of the actions of local people and groups. This is likely to intensify in the future as government planning policy is to support localism, which will inevitably strengthen the hand of communities.

Also, don't underestimate the importance of politics. Although a technically excellent submission is essential, the more significant decisions are taken by politicians and are strongly influenced by the groups that politicians listen to. It is necessary to understand who the "movers and shakers" are and work hard and intelligently to persuade them of the merits of the scheme.

Finally, look ahead. Planning never stands still and prospective changes can make a big difference to the viability of development schemes. Live issues include Community Infrastructure Levy, Tax Increment Funding, a presumption in favour of sustainable development and Mayoral Development Corporations (to name but a few). All will change the ground rules of planning and development – sometimes for good, sometimes for ill.

But out of change, new opportunities arise and the more prescient promoters will be the ones who benefit the most. ❖

SAVILLS

GREENWICH PENINSULAR Savills has been closely involved with Greenwich Peninsular, from advising on the strategic land acquisitions by Quintain Estates, to consulting on the future development of the site and selling completed projects.