

The regeneration effect

From the famous transformations of Covent Garden and Southbank, to current day projects such as ambitious Greenwich Peninsula and Tottenham Court Road, regeneration has always been an important part of the ever-evolving London landscape – increasing property values by an average of 4.7%.

Despite their prevalence, the full impact of urban regeneration is seldom fully understood. Many think of it as simply the external rejuvenation of a rundown area in a bid to make it more modern. However, while that in itself would have a general positive impact, true regeneration runs far deeper than that. Not only does urban regeneration alter the aesthetics of an area, but it effectively remodels its underlying fabric by addressing the deeper social and economic environment as well.

As a breed, regeneration projects tend to be radical interventions, requiring substantial economic contribution from both the public and private sectors. However, this investment quickly pays off; as the overall aesthetics, amenity offering and connectivity of an area improves, so too does its retail and entertainment offering. All of this works to greatly improve the quality of life for its residents and transforms it into a more desirable place to live. While it can be difficult to fully quantify the far reaching impact that regeneration has on an area, one aspect that is measurable is property value. And, as might be expected, regeneration has been shown time and time again to have a markedly positive impact on an area's property prices.



House price uplift from regeneration.



Price premium for a scheme with effective placemaking.



60,288

Total units under construction in London.



212,092

Total units with planning permissions.



Opportunity areas in London.



Regeneration schemes with more than 1,000 units.

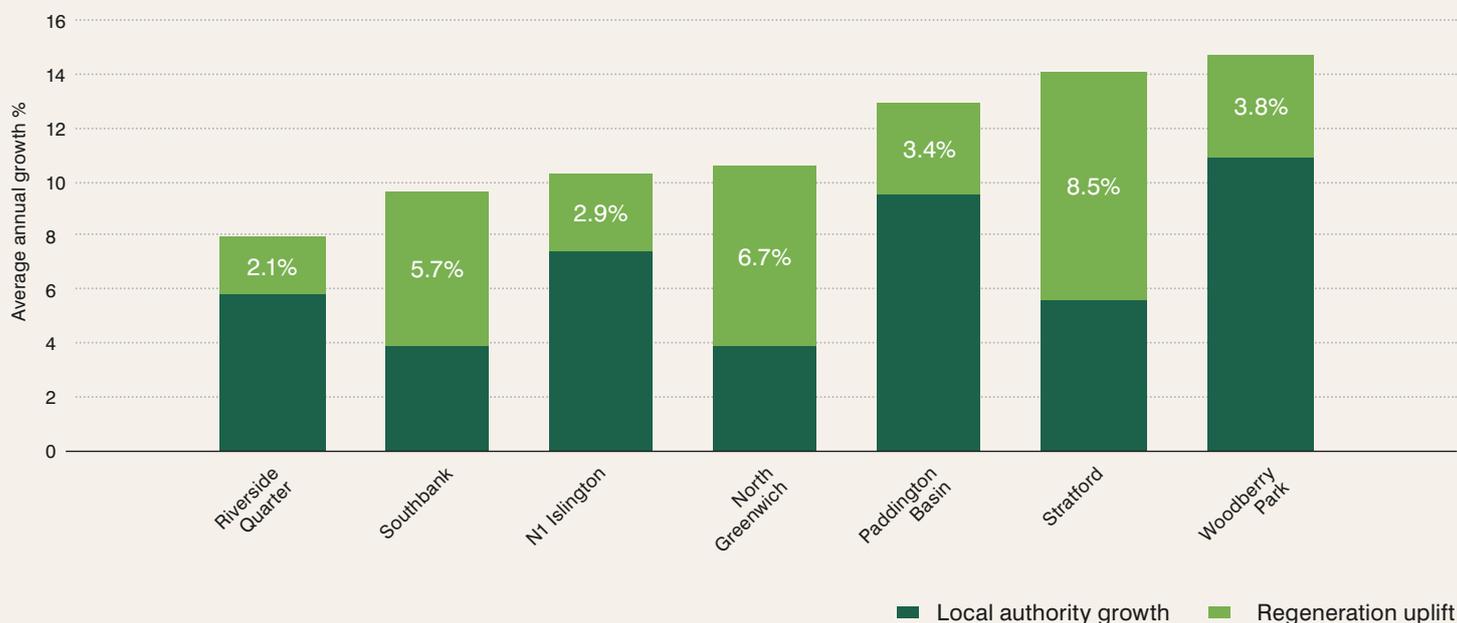


CBRE conducted a study across several regeneration schemes in London and found that, on average, the area surrounding a regeneration zone experienced property price growth of 4.7% per annum above and beyond wider house price growth. This estimate arose from examining house price growth in seven regeneration areas (both past and present) to quantify its impact. The areas analysed were: Paddington Basin, North Greenwich, Riverside Quarter, Stratford, Southbank, N1 Islington and Woodberry Park.

The areas around all seven regeneration zones showed a clear and substantial uplift in price growth when compared with the wider local authority. For example, house prices in the area around Paddington Basin increased by 12.9% per annum, compared with 9.5% in its local authority of Westminster; this suggests regeneration has added 3.5% to average annual house price growth.

Looking forward, in an effort to house its burgeoning population, it is inevitable that regeneration will continue to play an important role in both London’s skyline and property market. And, as such, it will continue to provide clues to some of the greatest growth opportunities in the capital.

Average annual growth



Largest five regeneration schemes in London

	Name	Location	Developer	Total units
1	Greenwich Peninsula	Greenwich	Knight Dragon Developments	12,678
2	Barking Riverside	Barking and Dagenham	Bellway Homes Essex	10,707
3	Brent Cross Cricklewood	Barnet	Argent Related	7,550
4	Stratford City - Z1-7	Newham	London Legacy DC / Olympic Park Legacy Company	6,454
5	Earls Court Hammersmith	Hammersmith and Fulham	Capital and Counties	5647

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