

Canary Wharf

UK Residential Research | May 2019

Canary Wharf is transforming from a primarily financial hub into a vibrant Central London mixed use neighbourhood. Crossrail will make a huge difference once it is fully operational and will make Canary Wharf more accessible and better connected than ever before. There are plenty of new developments under construction to cater for the first wave of new residents keen to take advantage of the enhanced connectivity, while the planning pipeline is ready for the next wave of Canary Wharf occupants. Many of the new inhabitants will be renters, such is the scale of multifamily development. The volume of new development over the next 5–10 years will mark a step change for Canary Wharf as a residential location. With an exciting future ahead, we expect both sales price and rental growth to be strong over the next five years.



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Residential Research



Canary Wharf

Crossrail impact

The new Crossrail station at North Quay will serve to broaden the centre of Canary Wharf. The opening of the Elizabeth Line will notably improve the connectivity of Canary Wharf – especially to key locations such as the City and Heathrow.

When Crossrail is fully operational, there will be a train every five minutes during peak hours, connecting Canary Wharf to Heathrow in 39 minutes (currently 80 minutes and multiple trains), Paddington in 17 minutes (currently 38 minutes) and Liverpool Street in just six minutes (currently 21 minutes).

Development hotspot

Canary Wharf has been a focal point for residential development activity in recent years. More than 5,150 private units have been completed in the last five years. One distinct advantage of residential development in Canary Wharf is the ability to build towers. And most schemes take advantage of this opportunity, creating amazing views across London. Of the 15 developments completed since 2009, nine have been over 20 storeys.

The most recent of these is Galliard Homes' 45 storey Arena Tower. Others include Ballymore's 44 storey Charrington Tower and Mount Anvil's 31 storey Dollar Bay.

Under construction

There are an exciting 5,426 units under construction.

Wood Wharf is the largest ever residential development in the area. The Canary Wharf Group is creating a brand new residential and mixed use neighbourhood in the heart of this hitherto business-dominated district.

More than 2,850 private units are planned. Three phases of the development, 10 George Street, 10 Park Drive and One Park Drive are already underway. At 10 George Street, 327 multifamily units are under construction while the remaining units have not yet been started. The 345 private for-sale units at 10 Park Drive are under construction and due to be completed in Q4 2019, while the 174 multifamily units, also underway in a block named 8 Water Street, are due to be finished in early 2020. One Park Drive consists of 483 private for-sale units and will complete in late-2020.

Once finished, the new Wood Wharf community will span 23 acres and will include over two million sq ft of office space, 380,000 sq ft of retail space and almost nine acres of public space, in addition to the residential units.

The second largest scheme under construction is Berkeley's South Quay Plaza. The scheme is being delivered in four phases, the first three of which comprise 700 units and are all under construction. Phase four gained full planning permission in March 2017, but construction has yet to commence. Once complete, South Quay Plaza will deliver over 1,000 private units.

One of the largest single phase schemes currently under construction in Canary Wharf is Landmark Pinnacle, which will deliver 752 private units upon completion. At 75 floors, it is one of London's tallest residential towers and will have uninterrupted views along the River Thames. It is expected to complete between Q3 2020 and Q3 2021.

Canary Wharf units under construction

3,680

Q1 2016

5,755

Q1 2017

6,021

Q1 2017

5,426

Q1 2019

Canary Wharf units in planning pipeline*

9,043

Q1 2016

5,772

Q1 2017

7,680

Q1 2018

8,261

Q1 2019

Canary Wharf

Exciting pipeline

The size of the planning pipeline in Canary Wharf, at 8,261 units, is also significant.

Millharbour Village is the largest scheme in the pipeline with 1,175 private units. The site is part of a large regeneration along the Millwall Inner Dock. In addition to the six new residential towers, the project includes a new primary school and college, two new public parks and commercial space.

One of the largest developments in the pipeline is the Crossharbour District Centre. Planning permission for 625 private units was granted in 2014. The redevelopment will transform the Isle of Dogs site and create a new community with a primary school and over four acres of green public space.

The largest multifamily scheme in the pipeline is Essential Living's Infinity Towers, which has permission for 395 units across two towers.

These new neighbourhoods will increase the appeal of Canary Wharf as not only a place to work, but a place to live.

Pricing

New-build prices have increased in Canary Wharf by a significant 31% since 2009.

Despite this, pricing is still favourable compared with many other locations across Central London.

Pricing in the most central locations presently averages around £1,200 psf, but with so many towers offering stunning London and river views, upwards of £1,500 psf can be achieved.

Lettings and multifamily market

The lettings market in Canary Wharf is emerging as a potential leader in the multifamily revolution. The private lettings market has been active for many years now, but the current wave of residential development is attracting the attention of many would-be London renters.

It is both the lifestyle preference to rent now, as well as the greater flexibility given uncertain economic and political conditions, that are generating increased rental demand.

Canary Wharf has been a real focus for multifamily investors recently. Just 453 multifamily units have been completed since June 2013, but there are currently just over 1,100 units under construction. This shift showcases Canary Wharf's new identity as a viable and appealing residential destination.

The Canary Wharf Group's Newfoundland scheme is the only all-multifamily scheme currently under construction. It will have 636 units and is estimated to complete later this year.

In addition, Greystar will operate 330 multifamily units in Galliard Homes' Harbour Central scheme. The rental units will come to market before the scheme completes in 2020.

Rental levels vary quite widely across Canary Wharf. Rents on a standard one bedroom apartment typically range between £350 and £500 pw, while two bedroom apartments are usually in the £500 to £650 pw range.

Typical pricing ranges, new developments*



£psf



One bedroom flat



Two bedroom flat

Typical rent ranges, new developments*



£psf pa



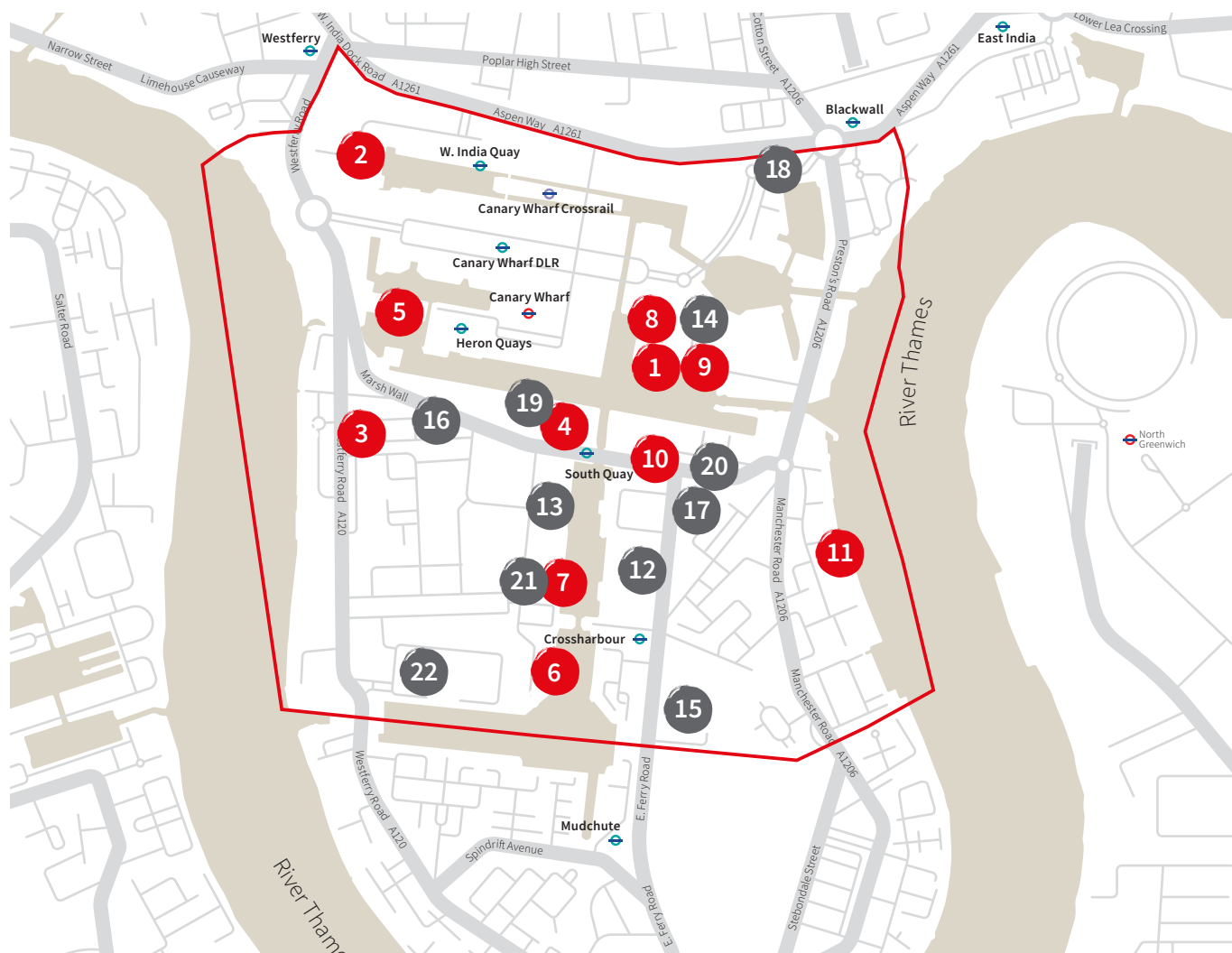
One bedroom flat (£pw)



Two bedroom flat (£pw)

Canary Wharf

Key developments



Under construction



In planning

Map ref	Scheme	Developers, multifamily operator	Private units	Status
1	10 George Street (Wood Wharf)	Canary Wharf Group, Vertus	797	Part under construction, part multifamily
2	Spire London	Greenland	765	Under construction, for sale
3	Landmark Pinnacle	Chalegrove Properties	752	Under construction, for sale
4	South Quay Plaza Phases 1-3	Berkeley Homes	700	Under construction, for sale
5	Newfoundland	Canary Wharf Group, Vertus	636	Under construction, all multifamily
6	Wardian London	Ballymore	626	Under construction, for sale
7	Harbour Central	Galliard Homes, Greystar	626	Under construction, for sale, part multifamily
8	10 Park Drive (Wood Wharf)	Canary Wharf Group, Vertus	519	Under construction, not yet launched, part multifamily
9	One Park Drive (Wood Wharf)	Canary Wharf Group	483	Under construction, for sale
10	The Madison	LBS Properties	319	Under construction, for sale
11	New Union Wharf Estate	L&Q	157	Part complete, part under construction, for sale
12	The Liberty Building	Telford	105	Under construction, for sale
13	Millharbour Village	Ballymore, Sun Hung Kai	1,175	Permission
14	Wood Wharf - remaining site	Canary Wharf Group	1,060	Permission
15	Crossharbour Asda	Real Estate Resolutions	625	Permission
16	Alpha Square	Far East Consortium	509	Permission
17	Skylines Village	Komoto Group	474	Permission
18	Infinity Towers	Essential Living	395	Permission, all multifamily
19	South Quay Plaza Phase 4	Berkeley Homes	347	Permission
20	Angel House	LBS Properties	261	Permission
21	Glengall Quay South	Meadow Residential	221	Permission, all multifamily
22	Westferry Printworks	London & Regional Properties	1,046	Application

Source: JLL, Molior. Data correct as at May 2019. Schemes under construction, 100 units or more. Schemes in planning, 200 units or more.

Outlook

Looking forward, the future for Canary Wharf is bright. Once Crossrail is up and running it will better connect Canary Wharf to key London destinations such as Heathrow, the West End and the City.

Canary Wharf will no longer be viewed as an isolated financial district, instead it will become an even more accessible location where residents are as important as workers.

The boost in connectivity, along with the lively mix of shops, cafes, bars and restaurants, will create an even more

energised and dynamic Canary Wharf over the next few years.

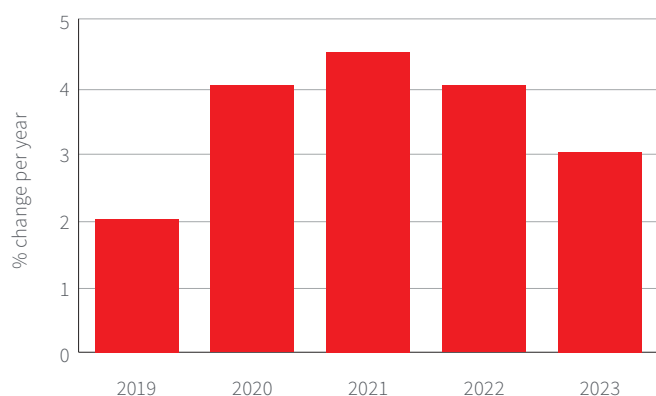
Furthermore, the exciting residential development pipeline will be an integral part of Canary Wharf's evolution. Not only will these add thousands of residents to this locale, but the quality and mix of property will enhance the appeal of Canary Wharf as a residential location of choice.

And with a shift towards more multifamily developments, a pricing advantage compared with many more traditional

locations within London, Canary Wharf will attract a new demographic of renters to the area.

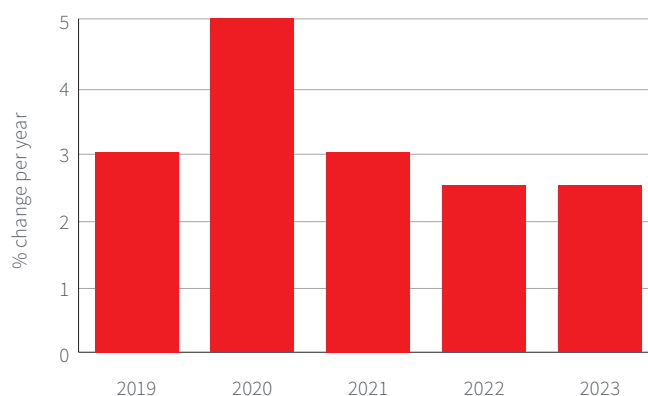
We expect price and rental growth to be strong and higher than the Central London average over the next five years. The opening of Crossrail together with a wealth of residential developments and an influx of new residents will be the key drivers of this outperformance.

Canary Wharf prices set to increase strongly



Source: JLL

Canary Wharf rental growth to be boosted by Crossrail



Source: JLL

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