

City & City Fringe

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London's City Fringe is broadening its geography. Areas such as Shoreditch, Hoxton, Aldgate and Whitechapel are now bona fide City Fringe locations. New digital businesses are a driving force but a significant increase in residential development, to support a new and younger demographic and the growing trend towards city living, has also been instrumental. The Elizabeth Line (Crossrail) is also impacting – bringing City Fringe contender Whitechapel into the mix. But although much residential development and expansion has been in the east, especially around City Road and Aldgate, western fringes of the City are also growing as residential locations with several developments in the Chancery Lane area. Construction activity has never been as high as it is today, with 4,339 units under construction. The outlook is also exciting with almost 5,000 units likely to be built over the next 5–10 years.



Neil Chegwiddden
Residential Research



City & City Fringe

Submarkets

Central City

Residential development activity within the square mile is usually quite muted, but at present there are a number of schemes under construction. The most notable schemes are Barratt London's Landmark Place, UOL Group's One Bishopsgate Plaza, Helical's Barts Square and Taylor Wimpey Central London's The Denizen.

In addition to these, Reignwood's prestigious Ten Trinity Square scheme, close to the Tower of London, still has units to sell. And just outside the City boundary, AlloyMtd's 246 unit One Crown Place is under construction.

The current and recent flurry of development activity in the City itself, however, may precede a quieter period. The only scheme in the planning pipeline is The Guinness Trust's 309 private unit Mansell Street Estate scheme which is at planning application stage.

City Road

It took some time for residential development along the City Road to gain momentum. The global financial crisis delayed delivery and marketing on several schemes.

Importantly, the area has now evolved through successive developments. Schemes to complete in the past three years have included Eagle House, City Wharf and Lexicon.

But it is the current crop of developments that will really up the ante along City Road. Schemes such as Atlas, Canaletto, The Makers and 250 City Road, which includes two acres of public realm improvements, will all contribute to greater vibrancy and an improved sense of place.

Whitechapel

Whitechapel is entering an exciting stage in its evolution. Crossrail is likely to arrive at some stage in 2019, providing far superior connectivity to Canary Wharf, the City, the West End and other new City Fringe employment hubs.

There are a number of residential schemes in the pipeline. The most immediate is Mount Anvil and L&Q's Silk District where 415 private units are planned and sales are already underway. Londonewcastle has recently been granted permission on its 286 private unit Whitechapel Estate site, while around 400 private units will eventually get built at the Sainsbury's store.

The longer-term vision is far grander than several individual developments. The Whitechapel Vision Masterplan Supplementary Planning Document sets out plans to dramatically change the area. A new streetscape, public squares, open spaces, an environment for creative industries and improved retail are all planned over the next decade.

Typical pricing ranges, new developments (£psf)*



Typical rent ranges, new developments (£pw)*



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Submarkets

Aldgate

The Aldgate area has also seen a flurry of residential development activity in recent years. More than 1,150 private units have been completed in the last five years.

Over 500 units have been completed at Berkeley Homes' Goodman's Fields development, the largest in the area, which still has 286 units under construction. The next largest scheme is Barratt London's Aldgate Place where 154 of the 315 units have completed.

The other scheme currently under construction in Aldgate is London Square's London Square Spitalfields scheme, which is comprised of 49 units.

The planning pipeline in Aldgate, however, is looking quite sparse. There are 30 units with planning at 34-40 White Church Lane and 87 units at 26-38 Leman Street, but no others are in the pipeline.

Western fringes

The western fringes of the City are witnessing plenty of development activity. Following in the footsteps of schemes like St Dunstan's Court and 190 Strand, are Lodha's Lincoln Square where 221 private units are under construction. Chancery Quarters, Pinks Mews and Bourne are other schemes underway.

The western fringe also has one of the largest schemes in planning. Taylor Wimpey will develop just over 500 private units at Postmark, the Mount Pleasant Royal Mail site.

Pricing

In brand new developments, pricing in the most central locations averages around £1,600 psf but can push above £2,000 psf.

Pricing in eastern fringe locations can range between £850 and £1,600 psf. On the western fringes £1,800 to £2,400 psf is more typical.

Second-hand pricing throughout the City & City Fringe is notably lower, often representing excellent value for money.

Lettings market

The lettings market in the City & City Fringe market is very active at present. Many residents are electing to rent rather than buy while economic and political conditions are so uncertain.

With circa 600 new unit completions each year over the past four years, there are plenty of developments for renters to choose from.

Canaletto, Lexicon, City Wharf and Eagle Wharf are all popular developments with voids usually low.

Atlas and Principal Tower will complete in 2019 providing additional choice. Both will deliver around 300 private units. Principal Tower will push the boundaries in terms of rents in this locale while Atlas is ideally located by the Old Street roundabout catering for the younger demographic attracted to the area.

Rental levels vary quite markedly across the City & City Fringe market. Rents on a typical one bedroom apartment in Central City can range from £550 to £700 pw while on the City fringes rents are more typically in the £400 to £550 pw range.

City & City Fringe units under construction

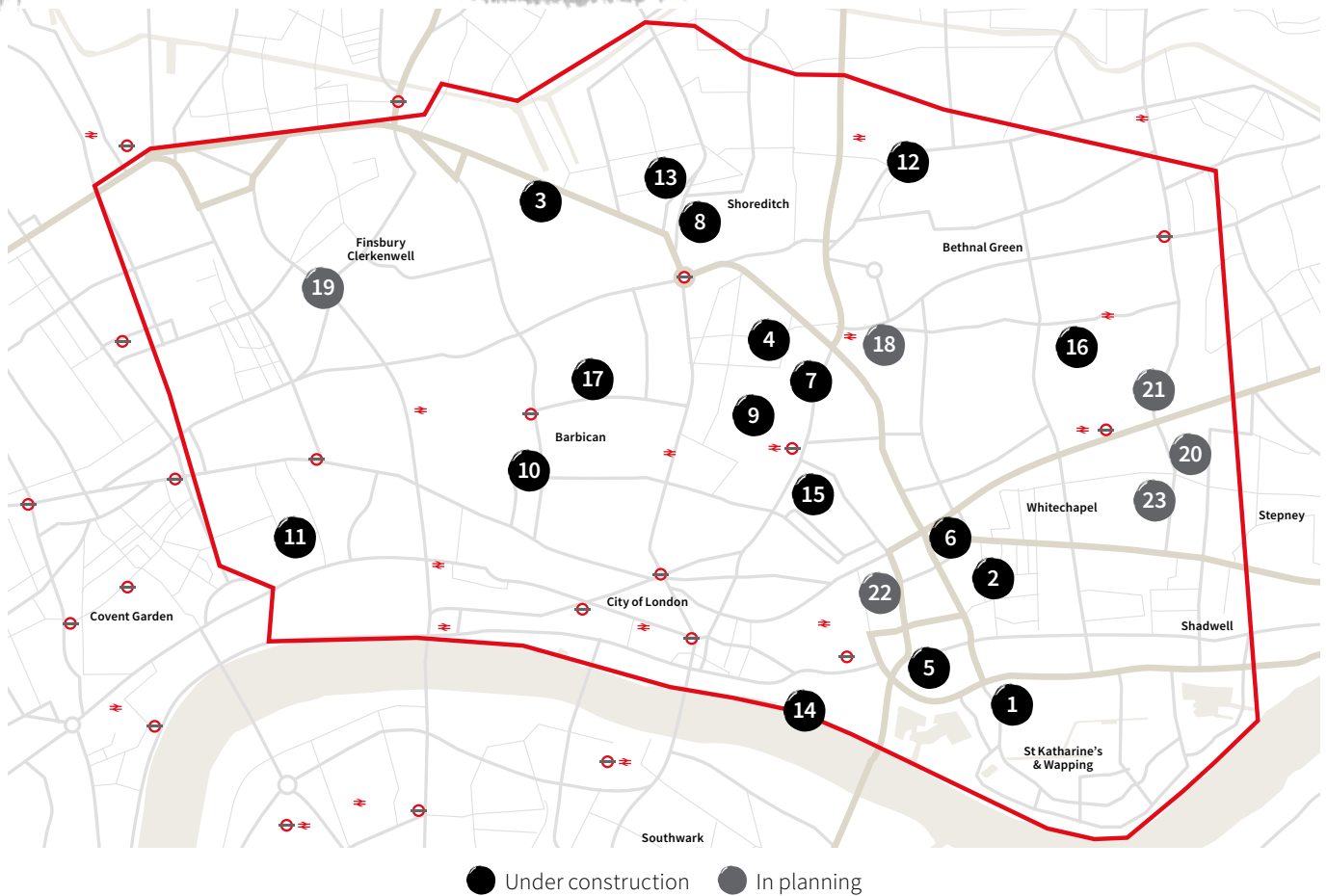


City & City Fringe units in planning pipeline



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Key developments



Map ref	Scheme	Developer	Private units	Status
1	London Dock	St George	1,314	Under construction, for sale
2	Goodman's Fields	Berkeley Homes	797	Under construction, for sale
3	250 City Road	Berkeley Homes	616	Under construction, all sold
4	The Stage	Galliard Homes	412	Under construction, for sale
5	Royal Mint Gardens	IJM Land	333	Under construction, for sale
6	Aldgate Place	Barratt	315	Under construction, for sale
7	Principal Tower	Brookfield	273	Under construction, for sale
8	Atlas Building	Rocket Investments	263	Under construction, for sale
9	One Crown Place	AlloyMtd	246	Under construction, for sale
10	Barts Square	Helical Bar	236	Under construction, for sale
11	Lincoln Square	Lodha Developers	221	Under construction, for sale
12	Shoreditch Exchange	Regal Homes	184	Under construction, for sale
13	The Makers	Londonewcastle	175	Under construction, not launched
14	Landmark Place	Barratt	165	Under construction, for sale
15	One Bishopsgate Plaza (Pan Pacific Hotel)	UOL group	160	Under construction, not launched
16	White + Green	Higgins Homes	107	Under construction, not launched
17	The Denizen	Taylor Wimpey Central London	99	Under construction, for sale
18	Bishopsgate Goodyard	Ballymore/Henderson	1,288	Application, not launched
19	Postmark (Mount Pleasant Royal Mail)	Taylor Wimpey Central London	533	Permission, for sale
20	The Silk District	L&Q	415	Permission, for sale
21	Whitechapel Square	J Sainsbury	406	Permission (appeal), not launched
22	Mansell Street Estate	The Guinness Trust	309	Application, not launched
23	Whitechapel Estate	Londonewcastle	286	Permission, not launched

Source: JLL, Molior. Data correct as at September 2018. Schemes under construction, 99 units or more. Schemes in planning, 200 units or more.

Outlook

We see a glowing future for London's City & City Fringe residential market. The fringes are broadening to include more areas, brought to life by a variety of factors including new creative industries, a younger demographic and transport infrastructure changes.

We expect this spread to continue with more residential development to contribute to the truly mixed use, diverse and vibrant neighbourhoods that are now being created.

The planning pipeline is full of exciting schemes with almost 5,000 units waiting to be developed. And with development spread right across this region, there will be a widespread uprating of the City & City Fringe market over the next 5–10 years. Indeed, it will increasingly become part of the evolving definition of 'Prime Central London'.

We expect price growth to be strong and notably higher than the Central London average over the next five years.

Fringe locations with a growth and expansion story such as Whitechapel will lead the charge. But areas such as Bethnal Green, Hoxton, Wapping and western fringe locations around Chancery Lane and Clerkenwell will also see more development, a higher profile and an above average increase in pricing.

House price growth (% pa)	2018	2019	2020	2021	2022	2018-22*
City & City Fringe	1	1	2	3½	4½	13
Central London Developments	0	½	2	3	4	10
Greater London	0	1½	2	3½	4	11

Rental growth (% pa)	2018	2019	2020	2021	2022	2018-22*
City & City Fringe	1½	2	2½	3	3	13
Central London Developments	0	1½	2	2½	2½	9
Greater London	1½	2	2	2½	2½	11

Source: JLL *cumulative growth



Vanessa Chan

International Residential (SG)

CEA Reg no. R016993I
+65 8125 7636

Vanessa.Chan@ap.jll.com



Widya Lesta

International Residential (SG)

CEA Reg no. R016997A
+65 8282 3473

Widya.Lesta@ap.jll.com



Nicholas Keong

International Residential (SG)

CEA Reg no. R048783C
+65 9839 9361

Nicholas.Keong@ap.jll.com



Marilyn Tan

International Residential (SG)

CEA Reg no. R031122J
+65 8812 9298

Marilyn.Tan@ap.jll.com



Clarice Lau

International Residential (SG)

CEA Reg no. R058170H
+65 8586 1987

Clarice.Lau@ap.jll.com



Jones Lang LaSalle Property Consultants Pte Ltd
CEA Licence No. L3007326E

9 Raffles Place #39-00 Republic Plaza Singapore 048619
Tel: +65 6220 3888 Fax: +65 6225 3165

internationalresidential.jll.com.sg