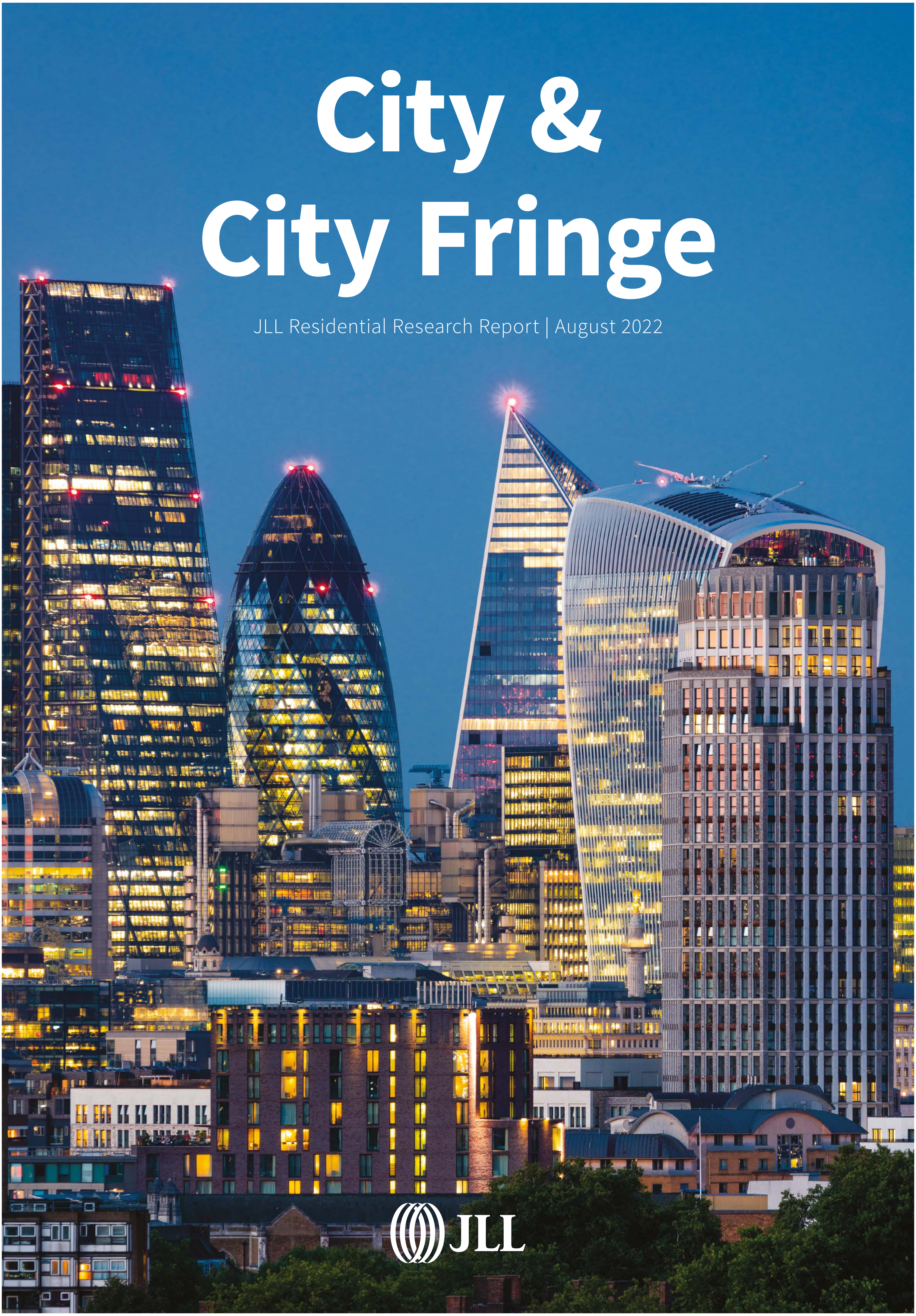
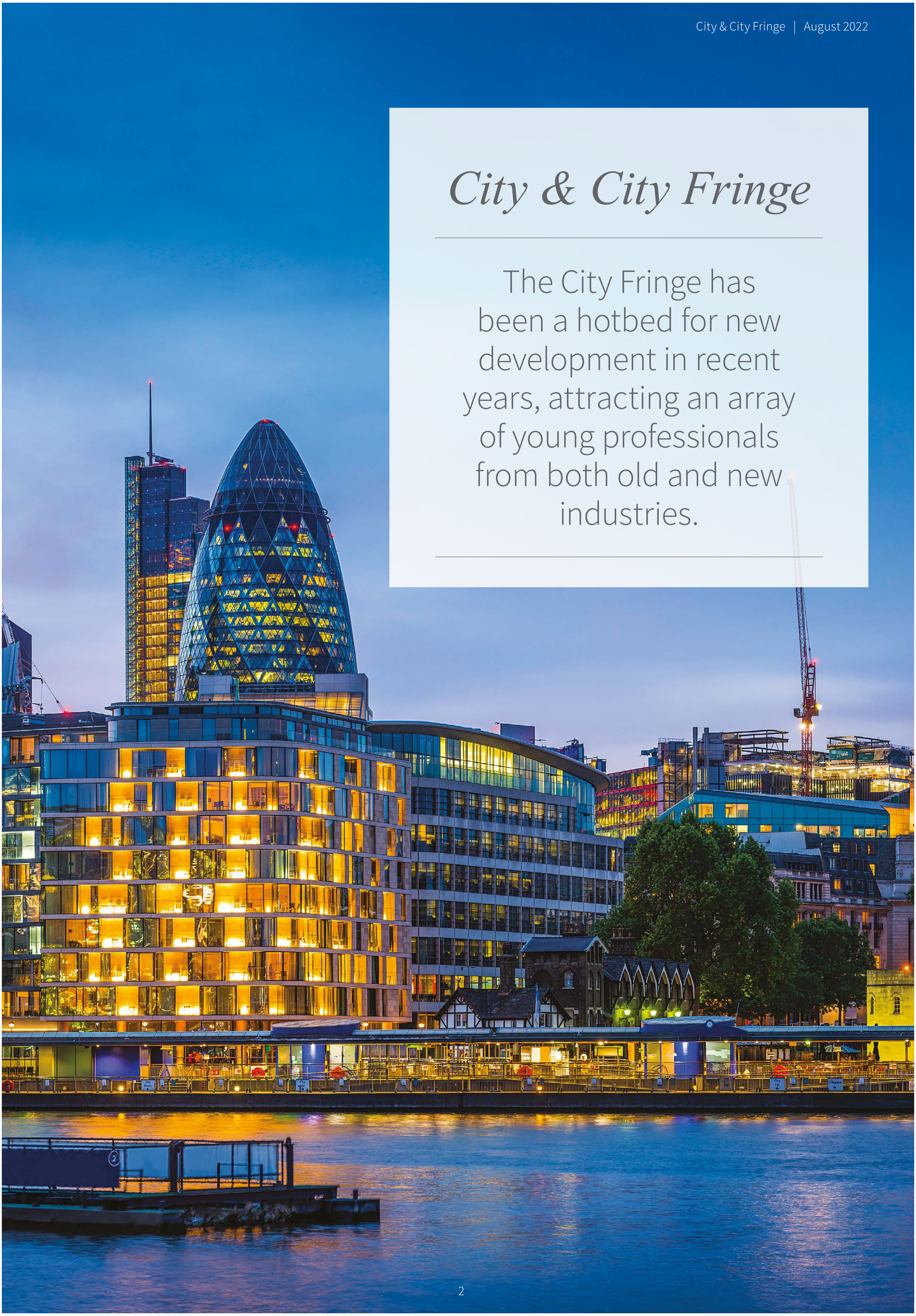
City & City Fringe

JLL Residential Research Report | August 2022





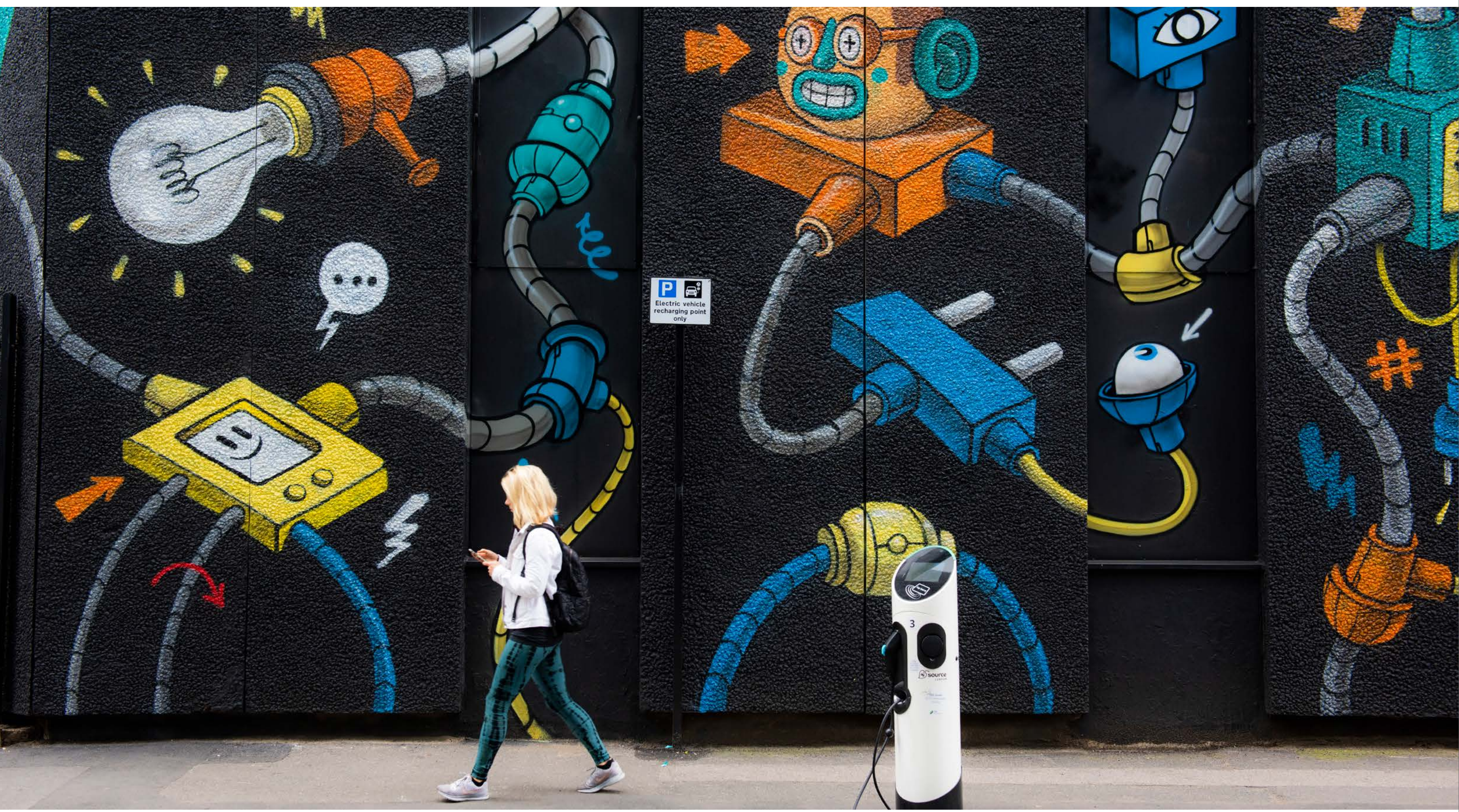
City & City Fringe

The City Fringe has been a hotbed for new development in recent years, attracting an array of young professionals from both old and new industries.

The local story

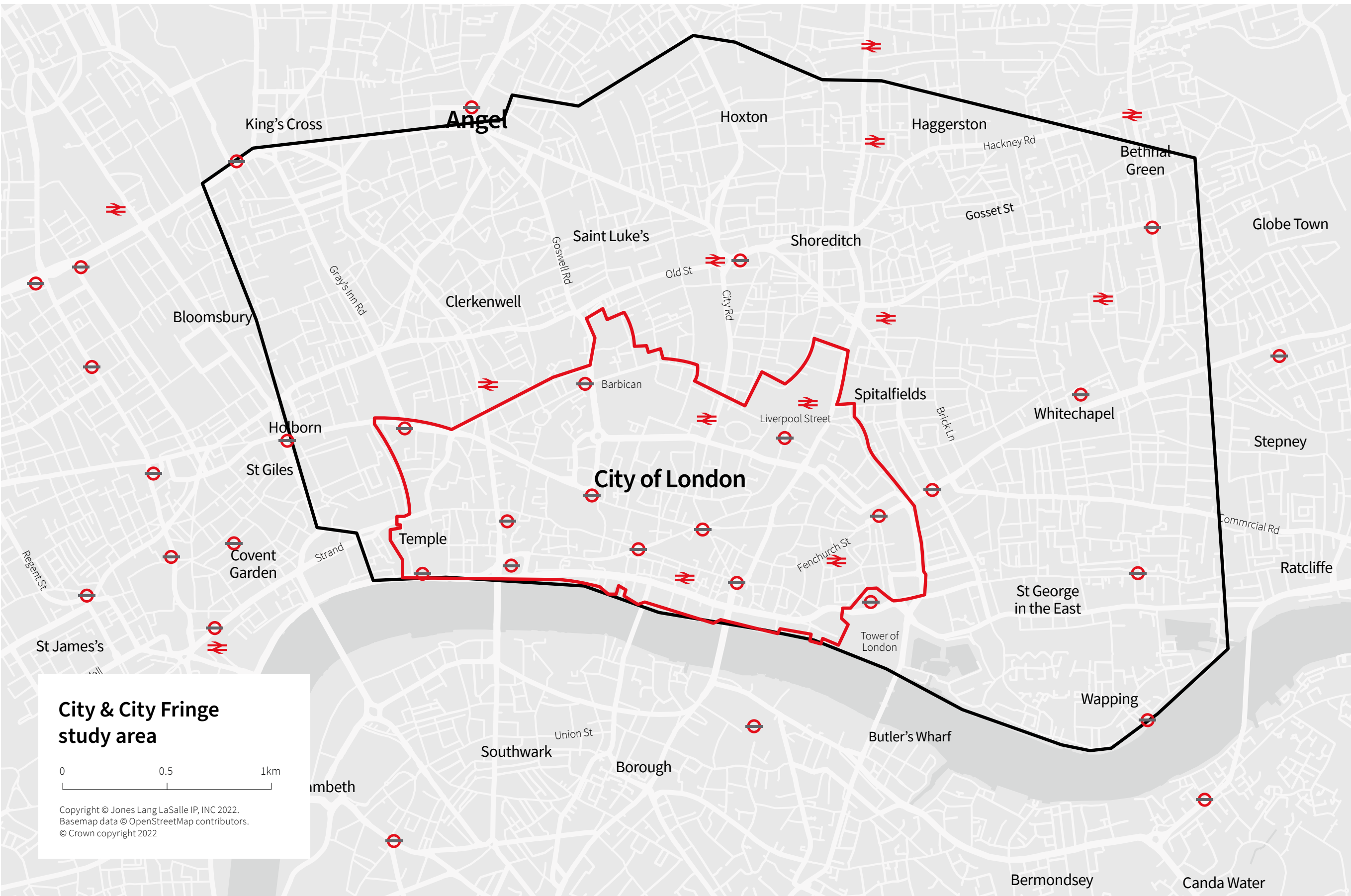
New residents are injecting greater energy and diversity into this fast evolving and expanding residential location.

The City & City Fringe residential market covers not only the Square Mile, run by the City of London Corporation, but also now extends to the likes of Whitechapel, Shoreditch and Clerkenwell, such has been the expansion of the residential market in recent years. The City & City Fringe residential market is about to enter a quieter phase in its transformation. While there are more units under construction than ever before – a sizeable 6,900 units – many of these are in their final phases. Furthermore, largely the result of schemes being started, the planning pipeline is running low with 1,537 private units with permission and only 115 private units at application stage. This implies that the new-build City & City Fringe market will not only be quieter, but buyers will have far less choice when it comes to new-build developments 1-3 years ahead. The local residential market has changed rapidly over the past ten years. Previously there were only a sprinkling of residential developments either in the City itself or on its outskirts. However, driven by a combination of factors, including high prices in central locations, higher demand for city living and an influx of new industries, the fringes of the City became ideal residential development opportunities. The ball gathered momentum quickly, leading to several developments along the City Road. Since then, the City Fringe story has expanded to the likes of Shoreditch, Hoxton, Tower Hill, Aldgate and, most recently, Whitechapel. A key to the success story of these neighbourhoods, and to the success of future residential developments, is the inflow of new residents. Not only have they breathed fresh life into some previously stale and deteriorating environments, but the accompanying local amenities, retail and leisure have also lifted the energy and appeal of the whole of the City & City Fringe area.



New developments have raised the profile and appeal of living in the City and in its vibrant fringe submarkets like Shoreditch, Hoxton and City Road.

Peter Gibney, Residential Development



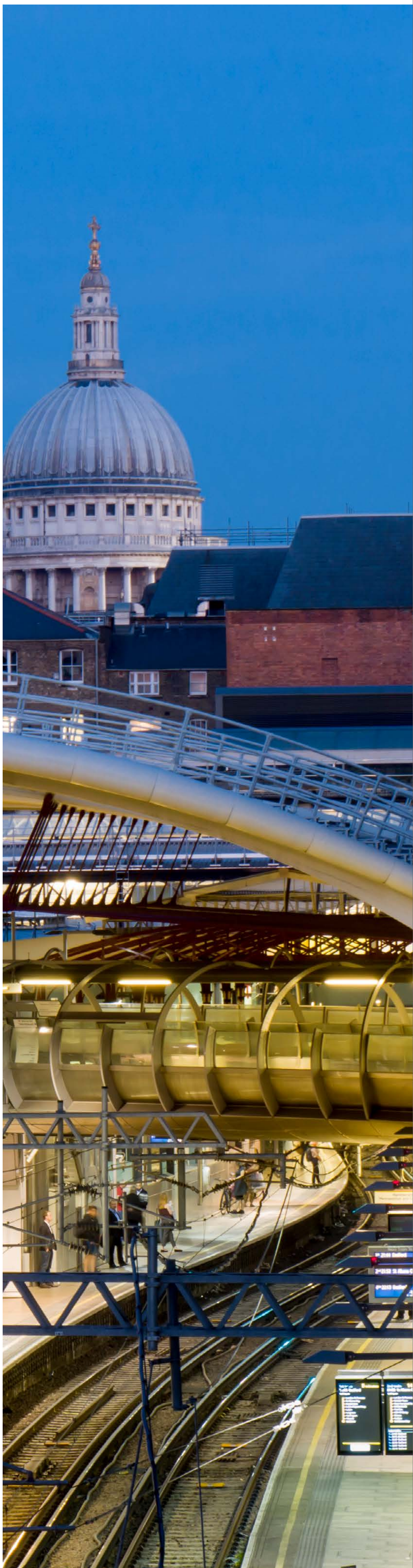
Connectivity & landmarks

Landmarks

City of London
Tower of London
Tower Bridge
St Paul's Cathedral
Bank of England
London Stock Exchange
Barbican
St Katharine Docks

Train and Underground stations

Service	**Station**
Rail	Liverpool Street (including Stansted Express), Fenchurch Street, Moorgate, Old Street, Cannon Street
Thameslink	Farringdon, City Thameslink, Blackfriars
Central	Bethnal Green, Liverpool Street, St Paul's, Chancery Lane
Circle	Liverpool Street, Aldgate, Tower Hill, Monument, Cannon Street, Mansion House, Blackfriars, Farringdon, Barbican, Moorgate
District	Whitechapel, Aldgate East, Tower Hill, Monument, Cannon Street, Mansion House, Blackfriars
Metropolitan	Aldgate, Liverpool Street, Moorgate, Barbican, Farringdon
Hammersmith & City	Aldgate East, Liverpool Street, Moorgate, Barbican, Farringdon
Northern	Old Street, Moorgate, Bank
Waterloo & City	Bank
Overground	Wapping, Shadwell, Whitechapel, Shoreditch High Street, Hoxton
DLR	Shadwell, Tower Gateway, Bank
Elizabeth line	Whitechapel, Liverpool Street, Farringdon

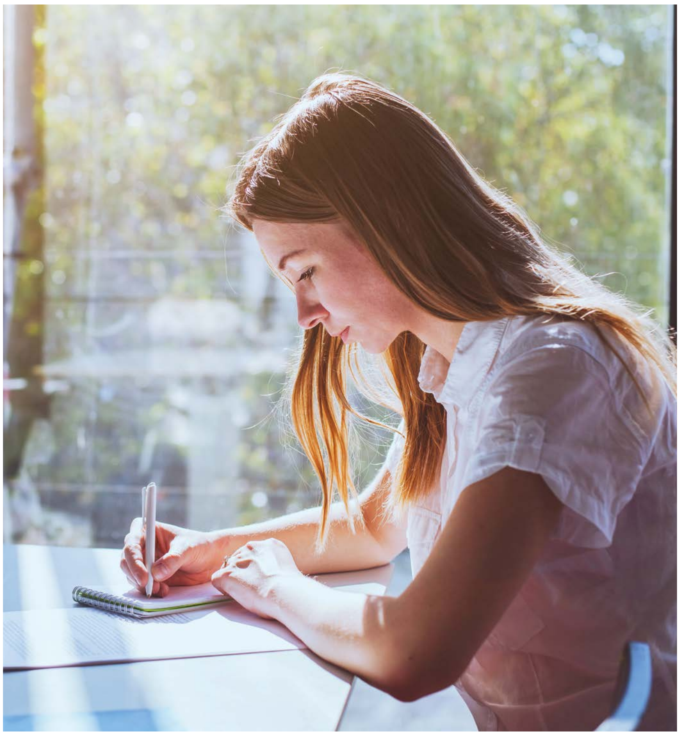


Universities and schools

Universities in City & City Fringe include City University, London School of Economics and Political Science and Guildhall School of Music and Drama

Selected universities across London
(number of students)

45,715	*University College London*
38,445	*King's College London*
23,870	*Queen Mary University of London*
21,325	*City, University of London*
20,155	*Middlesex University*
19,680	*The University of Westminster*
21,105	*University of the Arts, London*
22,760	*The University of Greenwich*
21,370	*Imperial College of Science, Technology and Medicine*
18,545	*London South Bank University*
17,395	*The University of East London*
12,070	*Birkbeck College*
13,455	*London School of Economics and Political Science*
12,525	*London Metropolitan University*
9,830	*Goldsmiths College*
5,865	*SOAS University of London*
2,460	*London Business School*
1,065	*Guildhall School of Music and Drama*



Schools located within the City & City Fringe area

Independent schools

School	Age
Dallington School	Primary
Charterhouse Square School	Primary
Green Gables Montessori Primary School	Primary
The Lyceum	Primary
Al-Mizan School	Primary
The Pier Head Preparatory Montessori School	Primary
Buttercup Primary School	Primary
Date Palm Primary School	Primary
St Paul's Cathedral School	Primary, Secondary
Italia Conti Academy of Theatre Arts	Primary, Secondary
The Complete Works Independent School	Primary, Secondary
City of London School for Girls	Primary, Secondary, Post 16
City of London School	Primary, Secondary, Post 16
Jamiatul Ummah School	Secondary
London Islamic School	Secondary
London East Academy	Secondary
Al Ashraaf Secondary School	Secondary
David Game College	Secondary, Post 16
Madani Secondary Girls' School	Secondary, Post 16
Darul Hadis Latifiah	Secondary, Post 16
Hackney City Farm	Secondary, Post 16

Secondary schools

School	Type
Wapping High School	Academy
London Enterprise Academy	Academy
Mulberry Academy Shoreditch	Academy
Mulberry School for Girls	Academy
Haggerston School	Maintained School
Central Foundation Boys' School	Maintained School
Oaklands School	Maintained School
Swanlea School	Maintained School
Tech City College	Academy, post 16
Workers' Educational Association	College, post 16
Islington Sixth Form Consortium	College, post 16

Primary schools

There are 46 primary schools in the City & City Fringe area.

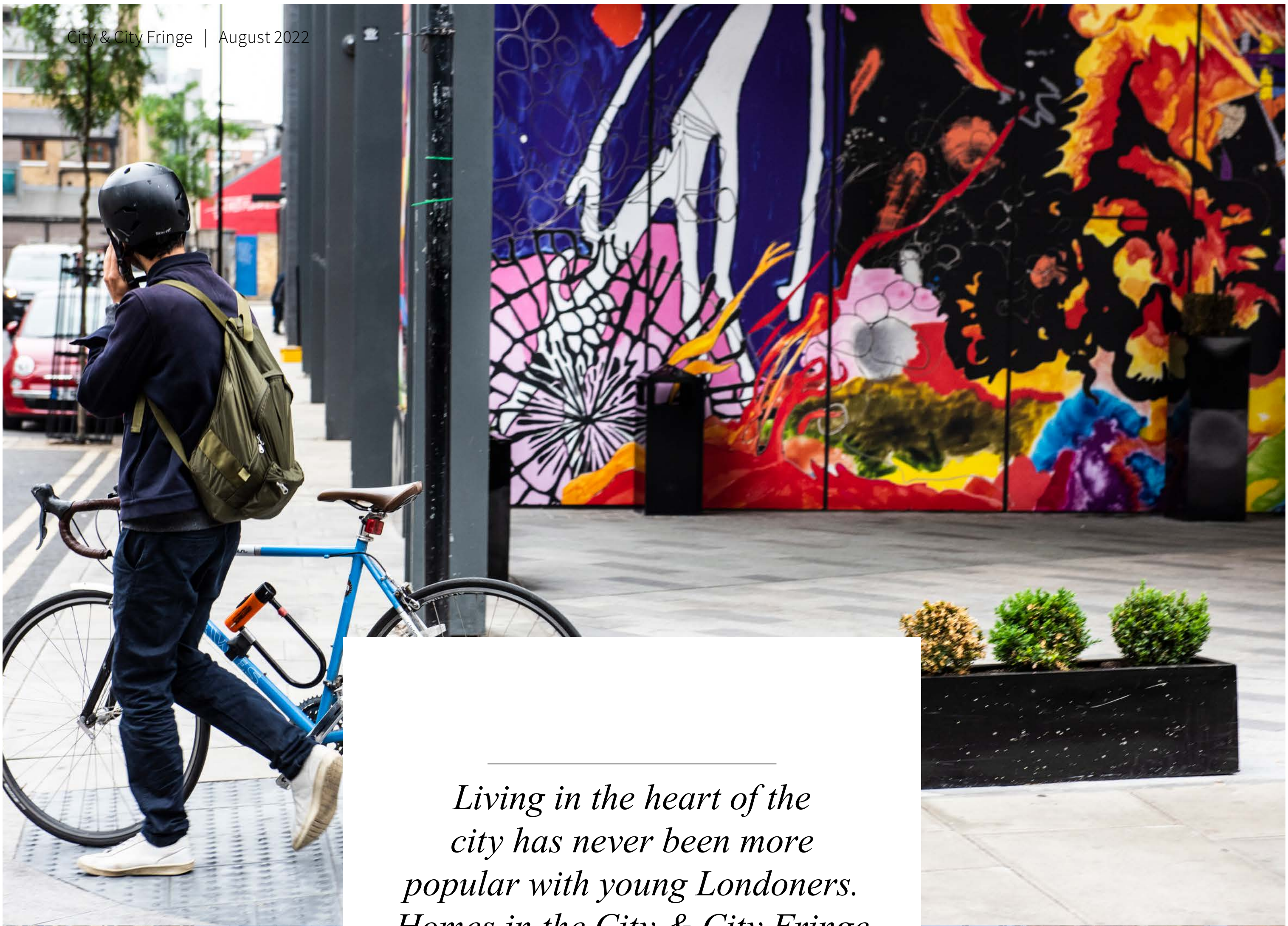
Restaurants

Michelin star restaurants located within the City & City Fringe area together with nearest tube station

St John, Farringdon
Club Gascon, Barbican
Angler, Moorgate
City Social, Liverpool Street
La Dame de Pic London, Tower Hill
Galvin La Chapelle, Liverpool Street
Leroy, Shoreditch High Street
The Clove Club, Shoreditch High Street
Lyle's, Shoreditch High Street
Maos, Shoreditch High Street
Brat, Shoreditch High Street

Other restaurants include:

Sushisamba, Liverpool Street
Duck & Waffle, Liverpool Street
The Ned, Bank



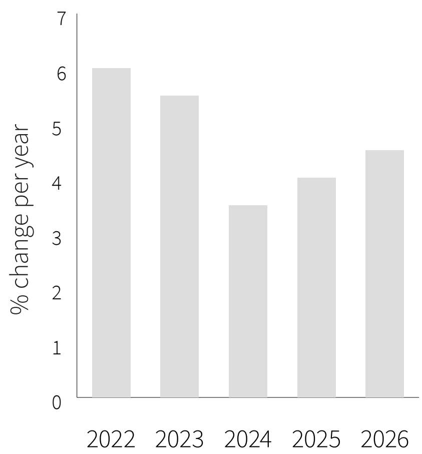
Living in the heart of the city has never been more popular with young Londoners. Homes in the City & City Fringe offering great local amenities alongside easy access to the rest of the capital.

Outlook

The population of City & City Fringe is set to grow by 9% over the next ten years. The Elizabeth Line provides improved connectivity, adding further to this area's appeal.

The City & City Fringe residential development market has enjoyed a very busy period over the past decade but we expect the next five years to be a good deal quieter, once the current crop of new developments completes. This presents a huge opportunity for developers, and could leave buyers with little new-build stock to purchase. The plethora of new developments, especially on the City Fringe, will provide the stock for a far more vibrant re-sales market and lettings market. The new stock in final stages of completion will combine with previously completed properties to offer more residential choice to the increasing numbers of people eager to live in or close to the City's Square Mile. We expect this growing appeal to continue over the next five years, which will also bring greater vibrancy to the whole neighbourhood, helping to transition parts of the City from largely 5-day-a-week destinations into more 7-day-a-week locations. The recent opening of the Elizabeth line also provides an impetus for change, not only by making the likes of Shoreditch, Farringdon and Whitechapel even more appealing but by making the whole of the City & City Fringe more accessible to locations in Central, West and East London. The outlook for sales prices and rents is positive, we forecast that the City & City Fringe markets will see prices and rents rise over the next five years by 26% and 16% respectively. The introduction of the Elizabeth Line, alongside a range of different options for buyers in City Fringe locations relative to other Central London submarkets will be key drivers of outperformance.

Price growth forecast 2022 - 2026



Source: JLL

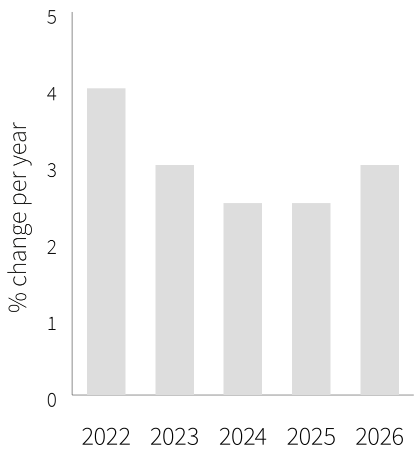
26%

Five year sales price growth forecast

16%

Five year rental growth forecast

Rental growth forecast 2022 - 2026



Source: JLL

New-build market

With a growing resident population, the City & City Fringe continues to attract new buyers. From more affordable schemes to the east of the City to prime new developments just a short walk from the west end.

For some time now developers have seen the potential to deliver new residential buildings across what has traditionally been a more commercial area of the capital. But some of the larger developments currently under construction are nearing completion and there remains a lack of large schemes in the pipeline, meaning new homes could become scarcer in the City and City Fringe in the coming years.

Schemes in the City of London and to the West side of the City Fringe commanded the highest average prices. With schemes in the City of London asking an average of £1,800 per square foot and schemes closest to the West End saw asking prices exceed £2,000 per square foot. North of the City of London asking prices were lower, averaging £1,400 per square foot. Buyers looking to spend less should look east, with areas to the east of the City of London asking an average of £1,250 per square foot.

Key developments

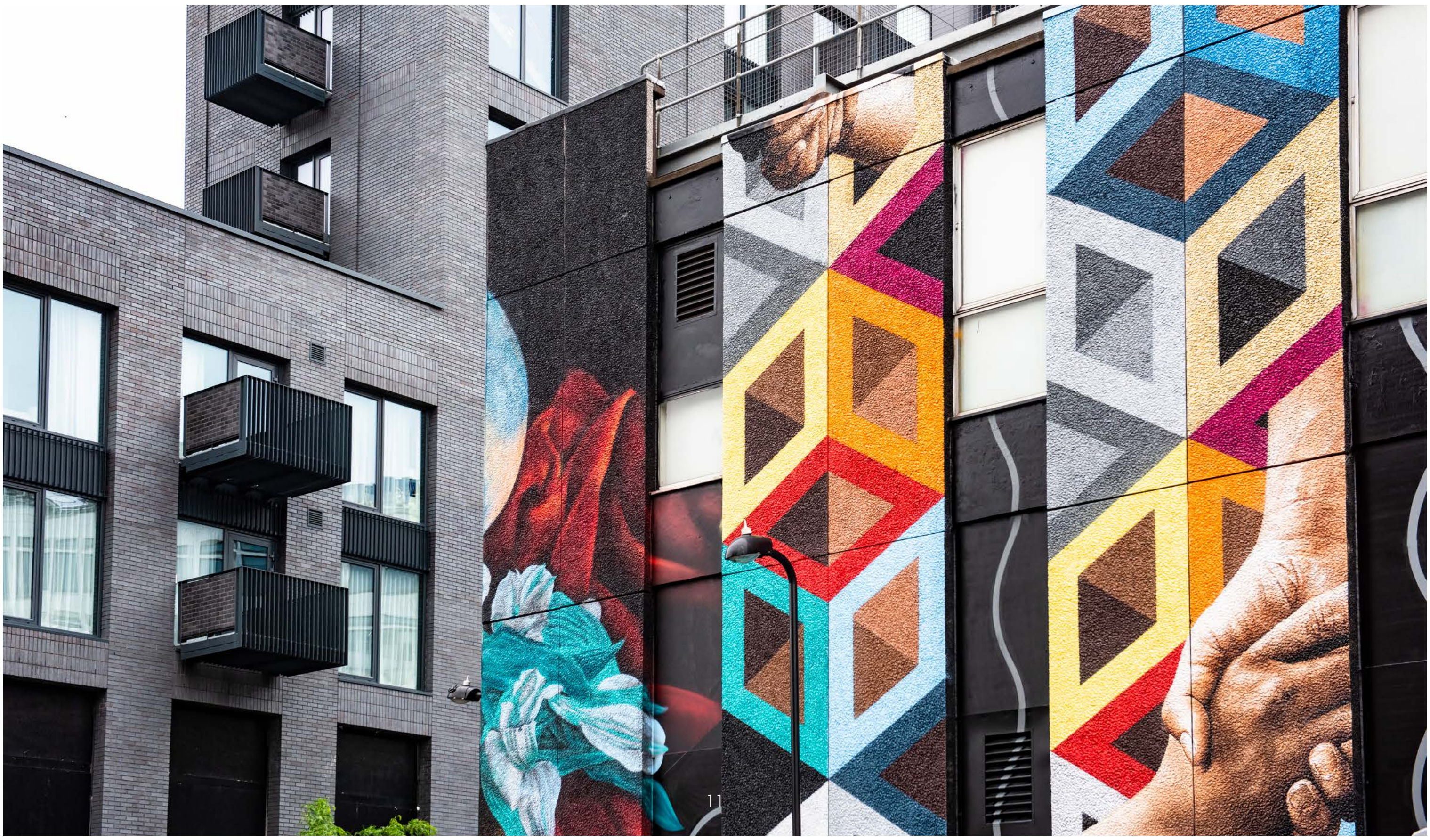
The Haydon
The Westin Residences

Key developments

Long & Waterson
Shoreditch & Hoxton

Key developments

250 City Road
The Makers
The Arc



Typical new build pricing (£per sqft)

Central City	Shoreditch & Hoxton	City Road	Aldgate	Whitechapel	Western fringes
£1,400 - £2,000 psf	*£1,000 - £1,400 psf*	*£1,100 - £1,600 psf*	*£1,000 - £1,500 psf*	*£875 - £975 psf*	*£1,600 - £2,500 psf*

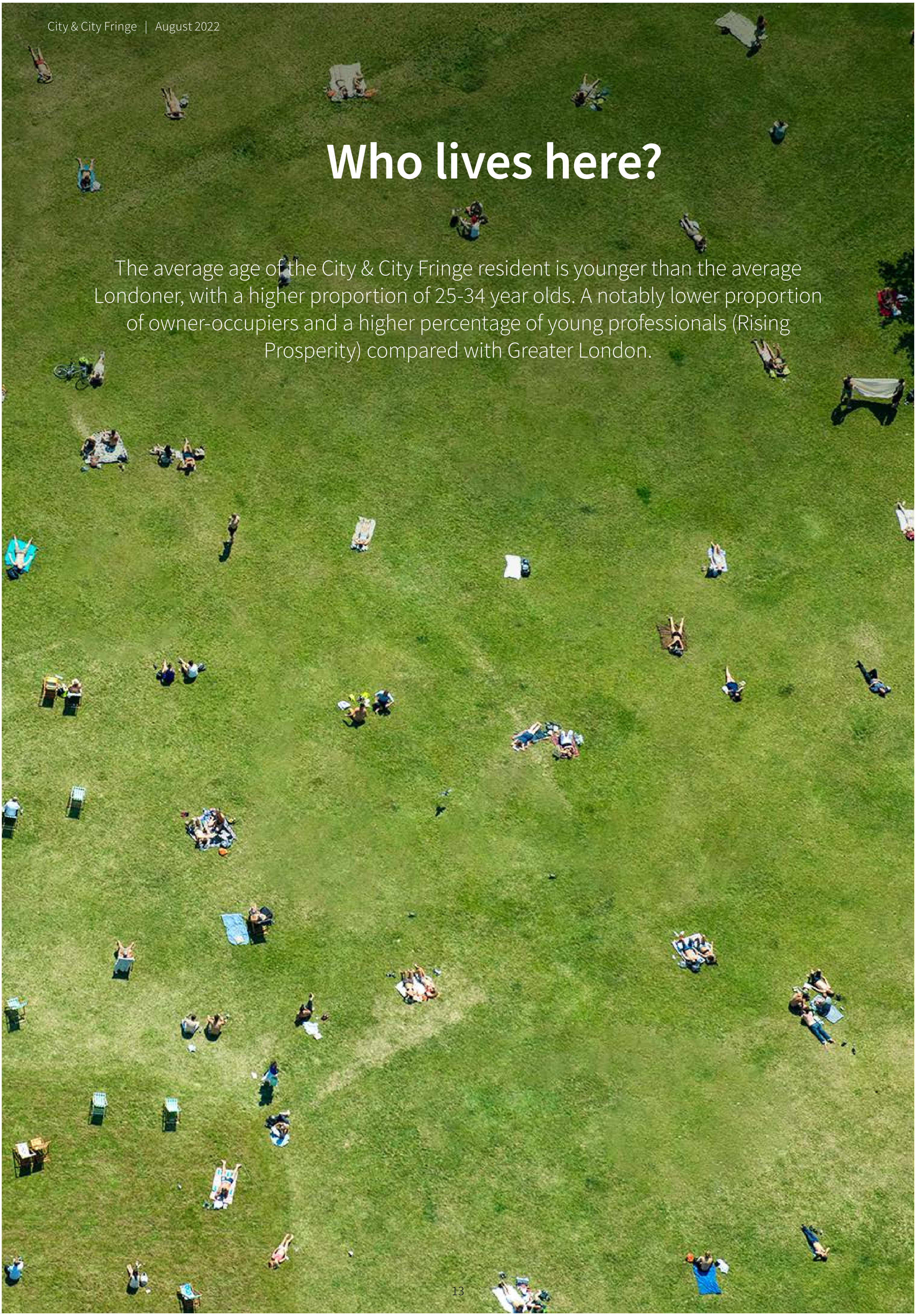
1,652

private units in
the planning pipeline
in City & City Fringe

Source: JLL, Molior.
Data correct as at July 2022.
Schemes of 25 or more private units.

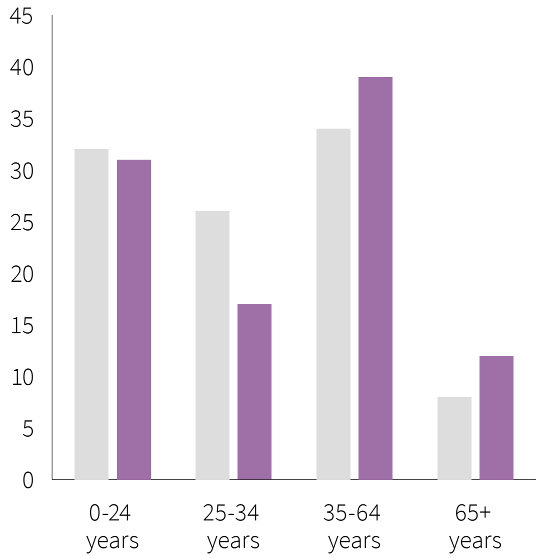
Who lives here?

The average age of the City & City Fringe resident is younger than the average Londoner, with a higher proportion of 25-34 year olds. A notably lower proportion of owner-occupiers and a higher percentage of young professionals (Rising Prosperity) compared with Greater London.



Age distribution

% of population



Source: JLL, CACI

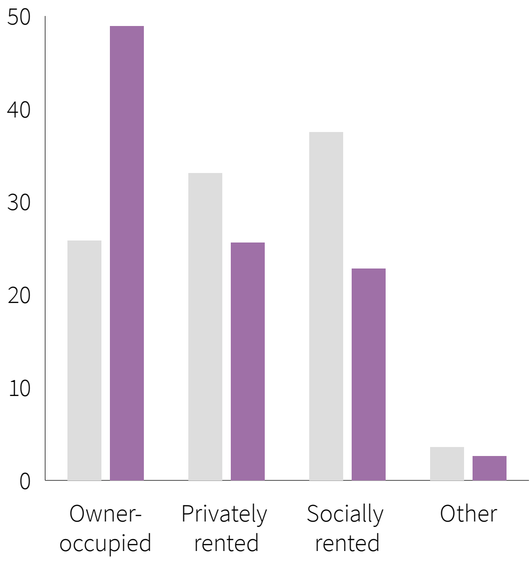
Annual household income

% of households

Source: JLL, CACI

Household tenure

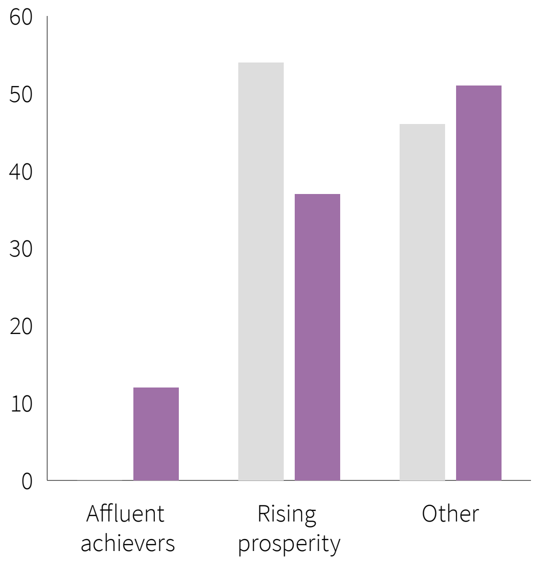
% of households



Source: JLL, CACI

Household types

% of households



Source: JLL, CACI

City & City Fringe   Greater London

Typical rents for a new or nearly-new one bedroom apartment

£550 - £700 pw	*£350 - £550 pw*	*£600 - £650 pw*	*£500 - £600 pw*	*£350 - £550 pw*	*£700 - £800 pw*
Central City	Shoreditch & Hoxton	City Road	Aldgate	Whitechapel	Western fringes

Lettings market

There is an active, established and diverse lettings market in City & City Fringe. The easy reach to employment hubs and entertainment is key.

Demand for rental properties in the City & City Fringe has risen this year. Prospective tenants looking for a home in the vibrant heart of central London offering them easy access to London's key employment hubs.

As Covid restrictions eased and London reawakened, lettings in the City & City Fringe market has seen demand outstrip supply. In Q2 2022, the number of properties let in the City & City Fringe rose by 12% compared with the same period in 2021. Rents rose too, up 11.3% in Q2 2022 compared with Q2 2021.

New developments continue to bring a new and younger and more diverse demographic. This has helped create a fresh and a vibrant critical mass of residents, many of them renters. Comparing the tenant profile for properties let by JLL in City & City Fringe shows 77% of tenants were under 30 years old, compared with 66% across London.

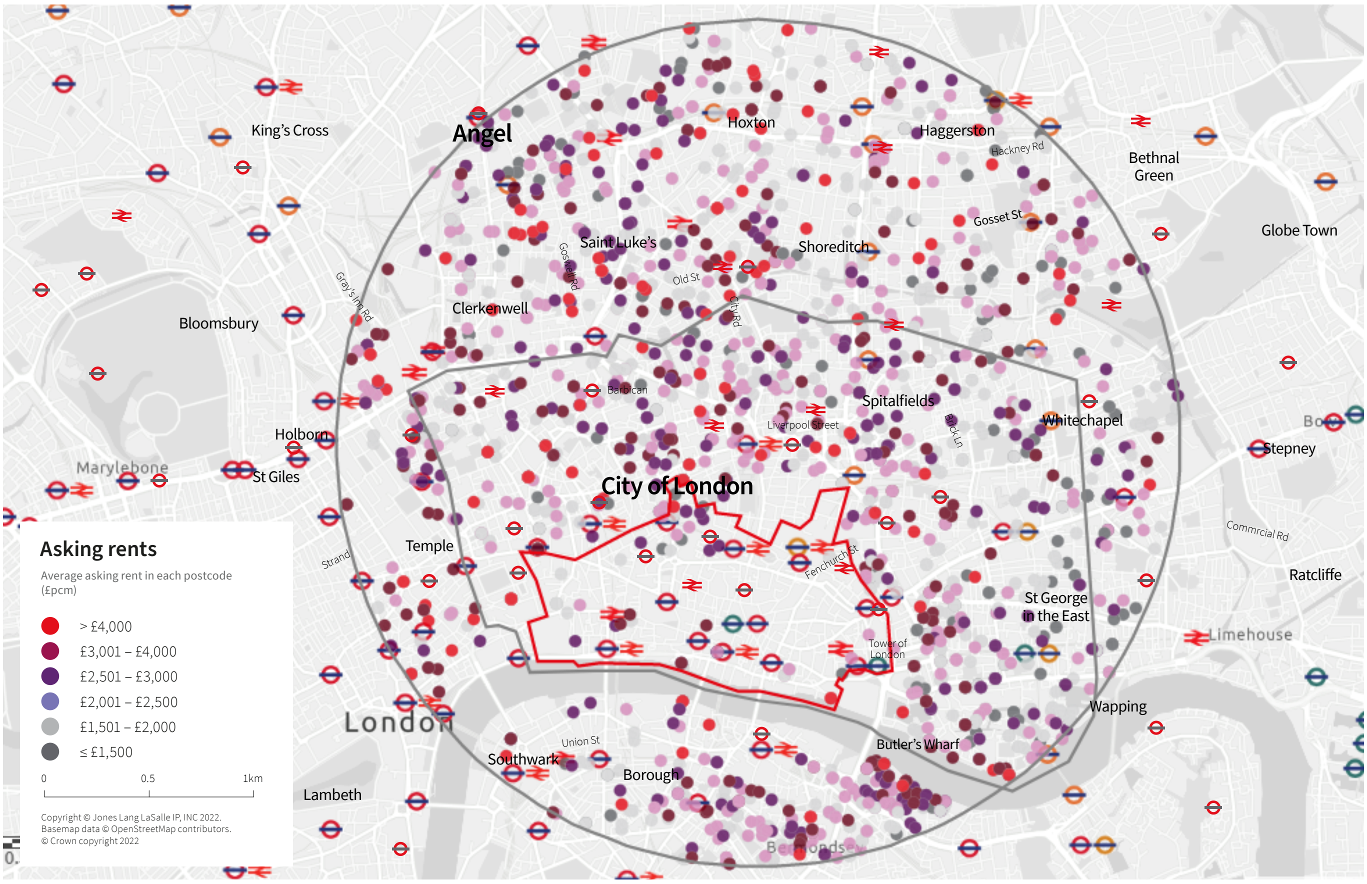
Despite more tenants having adopted a hybrid working model, being near their place of work remains sought after, with public transport connectivity still a key driver.

With trains now running on the Elizabeth line, tenants in the City and City Fringe are even better connected. With access via air-conditioned trains to Canary Wharf, the West end, Heathrow and beyond.

HNW students are an important source of demand for rental properties in the City & City Fringe. Accounting for more than half of all tenants in some blocks within the City & City Fringe. New developments remain desirable both for those looking to rent alone or as sharers in these neighbourhoods.

Rents are highest in the Western fringes at £750- £850 pw for a one bedroom apartment with Whitechapel the most affordable area, where rents for a one bedroom apartment are more typically in the £375-£575 pw range.

There have been several multifamily (rental) developments in recent years, the majority of which are in the City Fringe. The only building under construction is British Land's Aldgate Place. Recent multifamily developments include L&Q's Tower Reach Sovereign Court which launched in June 2021 and was fully let three months later.



Source: JLL, Rightmove

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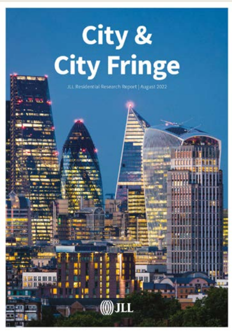

Matthew Saville
New Home Sales
matthew.saville@eu.jll.com
+44 (0)20 7399 5972

Peter Gibney
Residential Development
peter.gibney@eu.jll.com
+44 (0)20 7399 5717

Alex Carr
Residential Development
alex.carr@eu.jll.com
+44 (0)20 7399 5742

Harry Martin
Existing Property Sales
harry.martin@eu.jll.com
+44 (0)20 78524799

Neil Short
Residential Lettings
neil.short@eu.jll.com
+44 (0)20 7337 4005

Lucy Morton
Head of Estate Agency
lucy.morton@eu.jll.com
+44 (0)20 7306 1631

UK Prime Sales Team
Media Queries
nehomes@eu.jll.com
+44 (0)20 7087 5111

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