

South East London

UK Residential Research | May 2019

The next ten years will be even more transformational for South East London than the last decade. This will take some doing given that more than 15,000 private homes have been built during this time. But, with more than 31,000 homes in the planning pipeline, significant and even faster change for South East London is on its way.

The transformation will not only be a matter of quantity. Some areas are set to see dramatic changes to their dynamics and streetscape. The far-reaching masterplan at Canada Water & Surrey Quays, for example, will create a new urban centre and a change of focal point and will significantly enhance its appeal and profile. The Old Kent Road Corridor is also set for dramatic change. This neglected area, with the A2 as its domineering spine, has seen a spate of planning applications recently where an array of towers scattered along its route will alter the streetscape, the skyline and the demographics.

As well as these new changes, other parts of South East London, such as Greenwich & Deptford, North Greenwich and Elephant & Castle will continue blossom into even more vibrant and appealing London neighbourhoods.



Neil Chegwidden
Residential Research



South East London

Submarkets

Greenwich & Deptford

The Greenwich & Deptford areas have become far more popular residential locations over the past five years. The Cutty Sark, the National Maritime Museum and the Royal Observatory, as well as other draws such as the Thames and Greenwich Park, all help to elevate the appeal of the area.

The attraction of the Greenwich & Deptford area has also been enhanced by a healthy supply of new residential properties. This area has delivered around 3,500 units over the past five years – more than any other South East London submarket.

It also has more units under construction compared with other submarkets. There are now 1,143 units underway. The largest schemes are Lendlease's The Timberyard, London & Regional's River Gardens, Anthology's Deptford Foundry and Hadley and Mace's Greenwich Square.

Essential Living's 187 unit Union Wharf scheme, which will be a multifamily (purpose-built rental) scheme is close to completion, while Galliard Homes' Marine Wharf East completed in Q4 2018.

Looking forward the pipeline is somewhat uncertain. The potential for circa 3,000 private units at Convoys Wharf has been on the cards for years but the 456 units in phase 1 could get underway soon following the submission of a new planning application in mid-2018. Other than Convoys Wharf there are only 835 units in the pipeline.

Renting in Greenwich & Deptford is very popular. There is good connectivity into Central London and Canary Wharf in particular. Rental levels in the area for typical one bedroom apartments are between £1,350 and £1,700 pcm.

North Greenwich

The North Greenwich area is set to change dramatically over the next decade or so. Knight Dragon's huge Greenwich Peninsula regeneration project has already delivered more than 800 private units, but a series of new buildings and towers are set to transform the area and the skyline in North Greenwich, which has the O2 Arena as its focal point.

The next pieces of the jigsaw will help to create critical mass and an even greater vibrancy for the area. The new development will aid the evolution of a truly mixed use and cohesive community that will soon become a unique and sought-after London location.

Knight Dragon currently has 1,011 private units under construction but there are a further 7,900 units in the planning pipeline.

While Greenwich Peninsula is by far the largest development project in North Greenwich, Countryside and Taylor Wimpey's Greenwich Millennium Village remains the other key residential scheme. Just over 400 private units have been delivered to date with more than 1,200 still to come.

There have been no purpose-built multifamily schemes in North Greenwich yet and none are currently planned, so the rental market is dominated by individual private landlords. Rental levels in the area for typical one bedroom apartments are between £1,350 and £1,550 pcm.

Blackheath

Blackheath is the most established and mature residential market in South East London. With the heath at its centre, Blackheath has a traditional housing stock and streetscape, not particularly suitable for new build development.

However, on the edge of Blackheath, Berkeley Homes is in the throes of transforming the former Ferrier Estate into Kidbrooke Village. 1,042 new homes have been built already but there are still around 3,450 homes to come at the £1bn regeneration project.

Two bedroom terraced houses in the heart of Blackheath are typically priced in the £700,000–900,000 range while detached houses are usually in the £1–3m price bracket.

Due to the older housing stock, the lettings market attracts a different demographic compared with many of the more modern and evolving neighbourhoods in South East London. It is a far more family-orientated and traditional tenant that typically resides in Blackheath.

It is surprising that none of the Kidbrooke Village properties are yet or set to be multifamily homes.

Typical rents for a two bedroom terraced home are in the £1,950 to £2,600 pcm range, while detached houses with four or more bedrooms usually command in excess of £3,000 pcm.

South East London

Submarkets

Greenwich & Deptford



Average new build pricing
(£psf)



Average second-hand
pricing (£psf)



Average new build rents
(£pcm, one bedroom flat)



Units under
construction



Units in planning
pipeline**

* includes 187 BTR units, ** includes unbuilt in existing schemes
Source: JLL

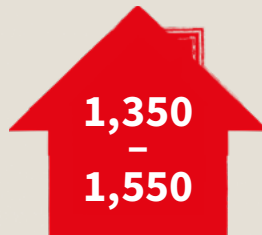
North Greenwich



Average new build pricing
(£psf)



Average second-hand
pricing (£psf)



Average new build rents
(£pcm, one bedroom flat)



Units under
construction



Units in planning
pipeline**

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Blackheath



Average new build pricing
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Average second-hand
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Average new build rents
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Units under
construction



Units in planning
pipeline**

** includes unbuilt in existing schemes
Source: JLL

Submarkets

Old Kent Road Corridor

The Old Kent Road Corridor is set to undergo a huge change over the next decade. Having seen just 212 units developed over the past 5 years, the planning pipeline currently stands at 4,198 units. It is also notable that the entire planning pipeline is new – having all only entered the planning system in the last 18 months. It is also notable that the pipeline contains several tall towers and that it comprises many unrelated developments rather than one overarching regeneration scheme.

The likelihood that the Bakerloo Line Extension will have stops along the Old Kent Road, and that the area is now a designated growth area, are undoubtedly catalysts for change.

There are three schemes in the pipeline with more than 700 private units. The largest is Berkeley Homes' Malt Street Development. It has an outstanding application for 840 private units, but it is also scoping out a 910 unit scheme. The tallest tower will be 40 storeys high.

Galliard Homes and Aviva have recently received permission to redevelop Cantium Retail Park into a mixed-use scheme that will include 750 private units which will extend to 48 storeys.

The third development is Avanton's Ruby Triangle scheme. It has permission for 701 private units, as part of a larger mixed-use scheme. The tallest tower will be 48 storeys high.

The other tall buildings to note are Southernwood Retail Park (48 storeys) and the Civic Centre and Livesey Place scheme (38 storeys).

With little development in recent years, the rental market for new or nearly new apartments is limited. But this will undoubtedly increase as the pipeline is built-out and the transport enhancements are introduced.

Elephant & Castle

The Elephant & Castle area has been a hotbed of development recently. In the last three years more than 2,200 new units have been delivered.

Around half of these units are part of Lendlease's redevelopment of the Heygate Estate into Elephant Park. But there have been other notable completions too, including 651 units situated within two multifamily buildings: Delancey's Elephant & Castle 1, containing 373 units, and Realstar's Uncle Elephant, of 278 units – two of the largest multifamily schemes in London, outside of the Olympic Park.

Indeed, the Elephant & Castle area has now evolved into a pioneering location for multifamily developments, especially larger single-building schemes. As well as the recent completions, there are also two multifamily schemes under construction, containing 354 and 309 units, both part of Elephant Park.

The planning pipeline has outstanding phases at both Elephant Park and the Aylesbury Estate to come. The other notable scheme in the pipeline is the redevelopment of the Elephant & Castle Shopping Centre, where 649 private units are planned. So, there is plenty of development ahead, but apart from these key schemes, there are only a few other developments lined-up.

The rental market in Elephant & Castle has evolved and grown rapidly in recent years, aided by new developments and the new wave of multifamily schemes. Rents have increased as a result, with a typical one bedroom apartment now commanding in the order of £1,925 to £2,200 pcm.

Canada Water & Surrey Quays

The Canada Water & Surrey Quays area is set to undergo huge change over the next 15 years. This will principally be implemented through British Land's comprehensive regeneration at Canada Water.

The masterplan covers a large area of 53 acres and will include circa 1m sq ft of retail and leisure space, 2m sq ft of office accommodation and around 3,000 new homes, circa 1,980 of which will be private. The existing shopping centre and leisure facilities will be replaced as well as several other buildings so that a new town centre with improved connectivity can be developed.

The first three buildings of the masterplan could be on site later in 2019 while the entire masterplan is expected to be completed by 2033.

The other key development in the area is Water Yard by Sellar Developments and Notting Hill Genesis. 799 private units will be delivered. The first phase of 234 multifamily units completed in Q4 2018.

Unsurprisingly, these schemes dominate the development landscape in the Canada Water & Surrey Quays area. The only other scheme under construction or in the pipeline is the 53 unit Odessa Street Youth Club development.

There is already an established rental market in the area but this will be enhanced further over the next few years as the British Land regeneration takes shape. Rental levels in the area for typical one bedroom apartments are between £1,500 and £1,700 pcm.

South East London

Submarkets

Old Kent Road Corridor



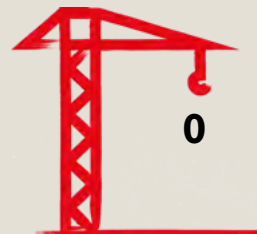
Average new build pricing
(£psf)



Average second-hand
pricing (£psf)



Average new build rents
(£pcm, one bedroom flat)



Units under
construction



Units in planning
pipeline**

** includes unbuilt in existing schemes
Source: JLL

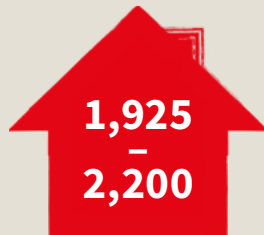
Elephant & Castle



Average new build pricing
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Average second-hand
pricing (£psf)



Average new build rents
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Units under
construction



Units in planning
pipeline**

* includes 633 BTR units, ** includes unbuilt in existing schemes
Source: JLL

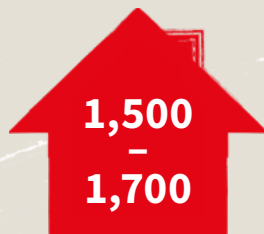
Canada Water & Surrey Quays



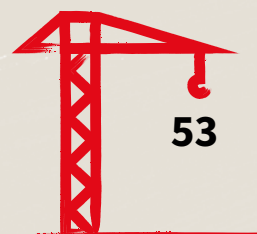
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Average second-hand
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Average new build rents
(£pcm, one bedroom flat)



Units under
construction



Units in planning
pipeline**

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Source: JLL

Submarkets

Lewisham

Lewisham has altered significantly over the past four years. It has become a far more popular South East London location and has seen 1,236 private residential units completed during this time. Significantly, 489 units have been multifamily units.

Much of the growing popularity of Lewisham can be attributed to the appealing pricing compared with many other London areas. It is therefore surprising that there are no residential developments presently under construction in well-connected Lewisham, but there are 1,671 private units in the planning pipeline.

The largest scheme in the pipeline is owned by Legal & General. It has permission for 440 private units as part of a mixed-use redevelopment of the Lewisham Retail Park, which will include a 24-storey tower.

The second largest scheme in the pipeline is the final phase of Muse Developments' Lewisham Gateway. The 421 units in the private element of this phase will all be multifamily tenure.

There is an active rental market in Lewisham, where a one bedroom apartment is typically priced between £1,200 and £1,400 pcm.

Bermondsey

Twelve new developments have been completed in the Bermondsey area over the past decade. Half of these are courtesy of Bermondsey Spa where the six schemes have delivered 449 private units as well as 651 affordable homes. Importantly, these mixed-tenure residential schemes have breathed new life into the heart of the Bermondsey area and have also encouraged other housebuilders to develop here.

However, there is currently little development activity. The only scheme under construction is London Square's London Square Bermondsey. There will be 271 private units but only the first 116 units are under construction.

Looking forward there are two key developments on the fringes of Bermondsey. The largest of these is likely to be Grosvenor's Biscuit Factory which has a planning application for 1,020 private units – all of which will be multifamily properties. The application, however, was refused in Q1 2019.

The other scheme in the pipeline is St James's Chambers Wharf which has permission for 407 private units. However, these cannot be started until after the Thames Tideway Tunnel, the new tunnel for London's sewage and rainwater, is completed in 2022/2023.

Rental levels in the area for typical one bedroom apartments are between £1,450 and £1,500 pcm.

“South East London is full of characterful and contrasting neighbourhoods. From established enclaves such as Blackheath to fast evolving districts in Greenwich, Deptford and Elephant & Castle.

It is also thrilling to see new neighbourhoods being planned and developed. Canada Water, for example, will see an even greater transformation than it has already witnessed as the British Land scheme takes shape while the Old Kent Road area will change steadily as new developments spring up along this historic route into and out of London.

The plethora of exciting new developments and the more modern feel to the area is also attracting new people into South East London, providing a greater depth of housing demand as well as a more eclectic mix of residents.”

*Graham Lawes
South East London Residential*

South East London

Submarkets

Lewisham



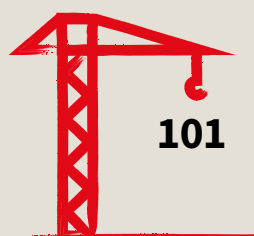
Average new build pricing
(£psf)



Average second-hand
pricing (£psf)



Average new build rents
(£pcm, one bedroom flat)



Units under
construction



Units in planning
pipeline**

** includes unbuilt in existing schemes
Source: JLL

Bermondsey



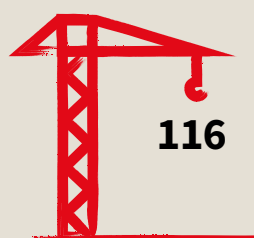
Average new build pricing
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pricing (£psf)



Average new build rents
(£pcm, one bedroom flat)



Units under
construction



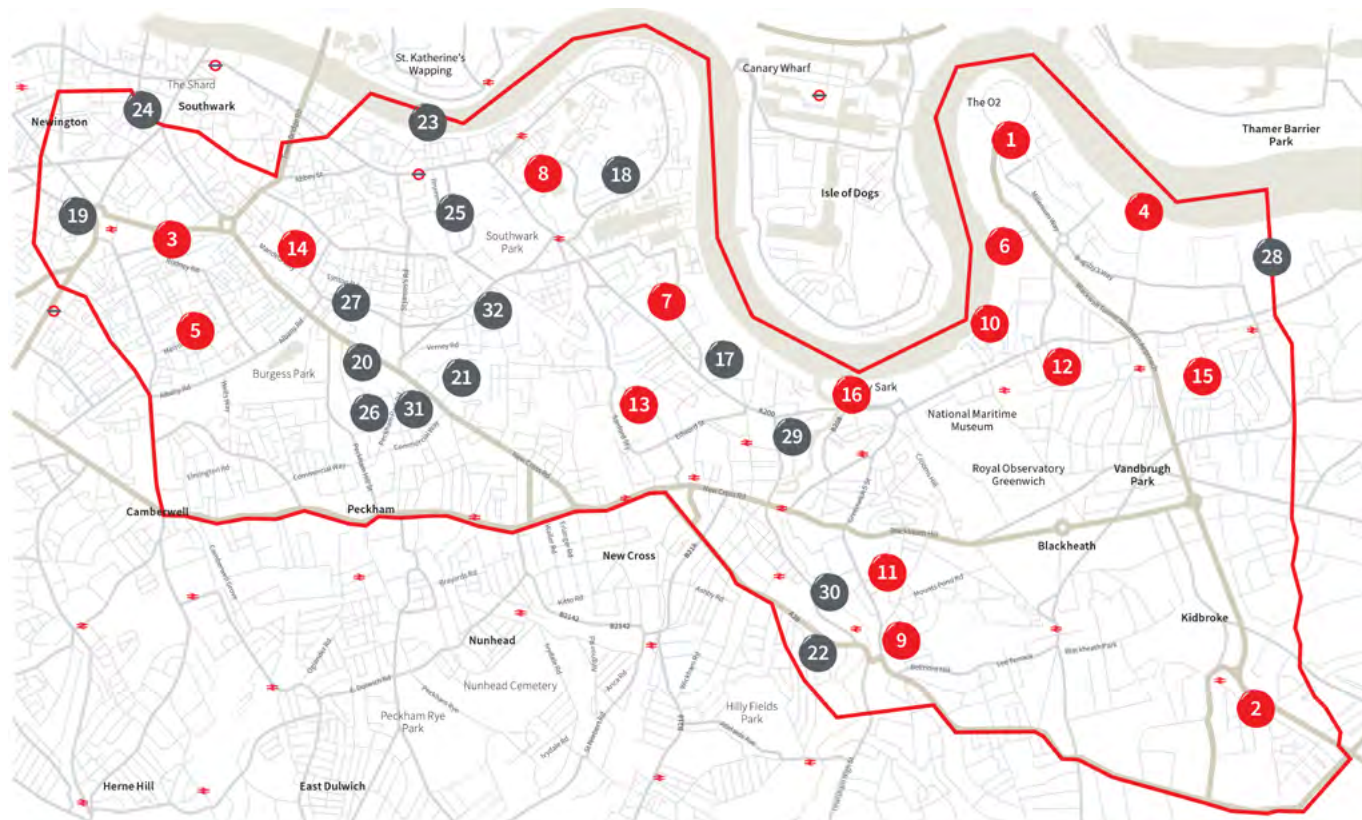
Units in planning
pipeline**

** includes unbuilt in existing schemes
Source: JLL



South East London

Key developments



● Part complete, under construction ● In planning

Map ref	Scheme	Developers, multifamily operator	Private units	Status
1	Greenwich Peninsula	Knight Dragon	9,750	Part comp, part U/C, for sale
2	Kidbrooke Village	Berkeley Homes	4,182	Part comp, part U/C, for sale
3	Elephant Park	Lendlease	1,885	Part comp, part U/C, for sale
4	Greenwich Millenium Village	Countryside, Taylor Wimpey	1,684	Part comp, part U/C, for sale
5	Aylesbury Estate	Notting Hill Housing	1,349	Part comp
6	Enderby Wharf	Morgan Stanley, Barratt	955	Part comp
7	The Timberyard	Lendlease	944	Under construction, some multifamily
8	Water Yard	Sellar Developments, <i>Notting Hill Genesis</i>	799	Part comp, some multifamily
9	Lewisham Gateway	Muse Developments	783	Part comp, some multifamily
10	The River Gardens	London & Regional Properties	584	Part comp, part U/C, for sale
11	Central Park	Peabody	574	Part comp, some multifamily
12	Greenwich Square	Hadley, Mace	372	Part comp, part U/C, for sale
13	Deptford Foundry	Anthology	276	Part comp, part U/C, for sale
14	London Square Bermondsey	London Square	271	Under construction, for sale
15	40 Victoria Way	Fairview New Homes	215	Under construction, not launched
16	Union Wharf	Essential Living	187	Under construction, all multifamily
17	Convoys Wharf	Hutchison Property Group	2,975	Permission
18	Canada Water	British Land	1,980	Permission
19	Elephant & Castle Shopping Centre	Get Living	649	Permission
20	Cantium Retail Park	Galliard Homes	750	Permission
21	Avanton Ruby Triangle	Avanton	701	Permission
22	Lewisham Retail Park	Legal & General	440	Permission
23	Chambers Wharf	St James Group	407	Permission
24	Southwark Fire Station	Hadston	199	Permission
25	The Biscuit Factory	Grosvenor	1,020	Application, all multifamily
26	Malt Street Development	Berkeley Homes	840	Application (refused), all multifamily
27	Southernwood Retail Park	Glasgow City Council	506	Application
28	Flint Glass Wharf	The Komoto Group	377	Application
29	Creekside Village East	Israel Discount Bank	354	Application
30	Tesco Overflow Car Park	Meyer Homes	292	Application
31	Civic Centre + Livesey Place	Shaviram Group	264	Application
32	79-161 Ilderton Road	Argon Capital	234	Application

Source: JLL, Molior. Data correct as at May 2019. Schemes under construction, 187 units or more. Schemes in planning, 199 units or more.

Outlook

South East London is set to undergo an even faster rate of change over the next decade than it has in the last. Residential development, as well as considerable placemaking, will be instrumental to this change.

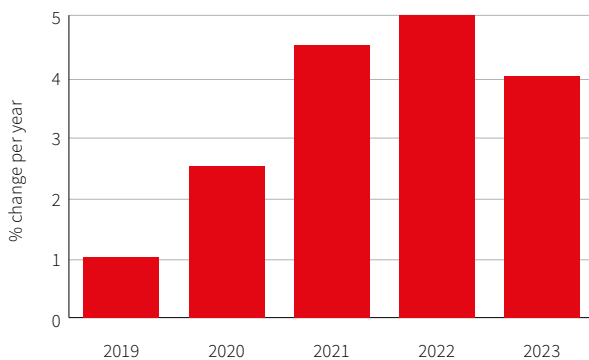
Large regeneration sites will grab the headlines but the uprating of the whole of South East London has attracted the attention of developers as well as owner-occupiers, renters and investors.

The area is also set to benefit from enhanced transport infrastructure. The proposed Bakerloo Line Extension could be delivered as early as 2028 with the current preferred route extending the line from Elephant & Castle, down the Old Kent Road to Lewisham. This would significantly improve public transport access along the Old Kent Road where there is presently little tube connectivity.

As a result of the ongoing transformation of South East London, as well as the pricing advantage compared with many other more established and perhaps more fashionable areas of London, we expect residential prices and rents to grow at a faster rate over the next five years relative to much of Greater London.

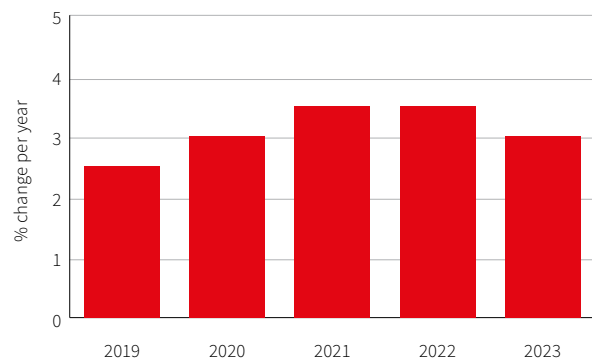
Certain areas, such as Canada Water & Surrey Quays are likely to experience even stronger growth in the medium-term.

Price growth set to accelerate



Source: JLL

Steady and improving rental growth forecast



Source: JLL

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