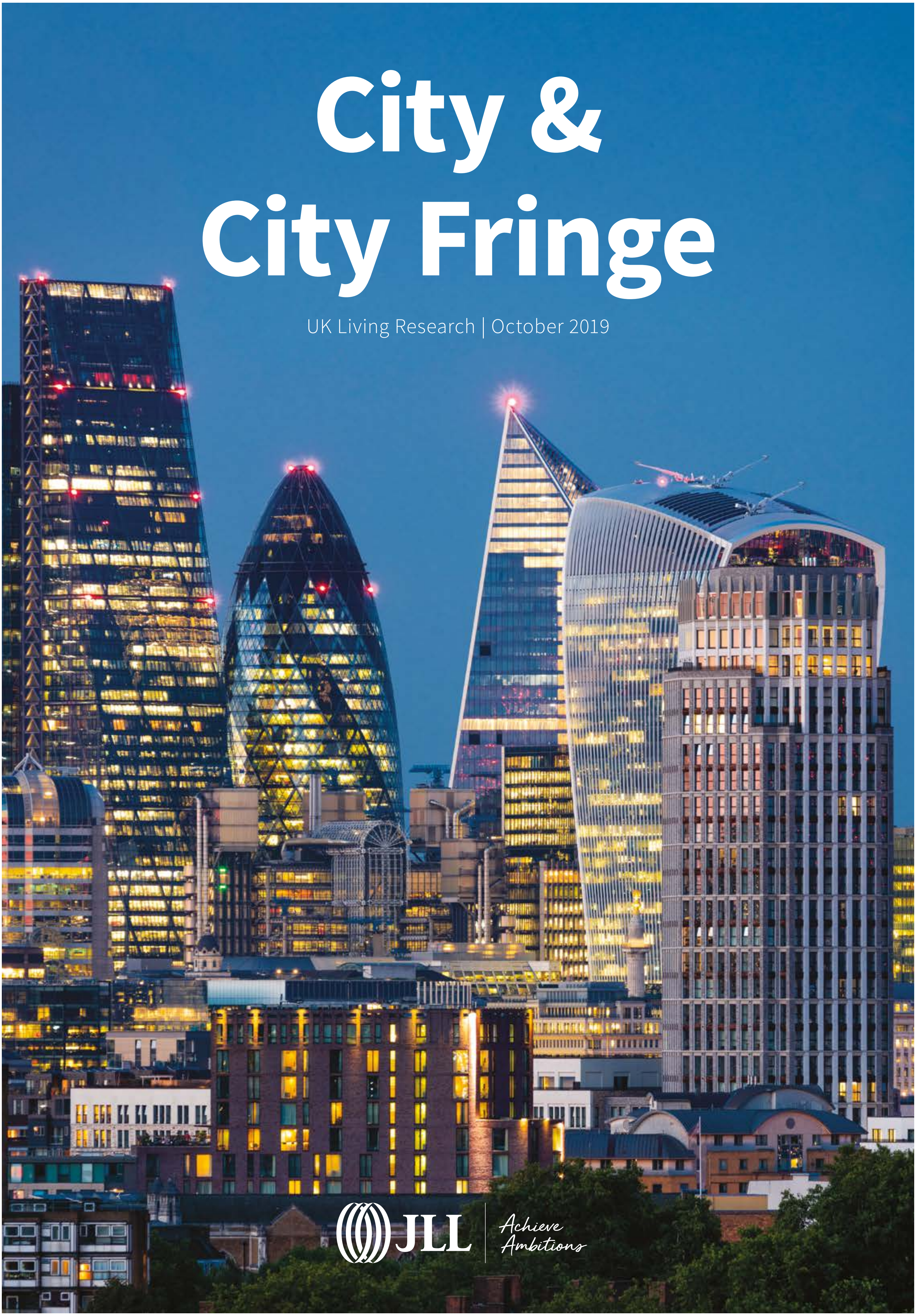
City & City Fringe

UK Living Research | October 2019



City & City Fringe | October 2019

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.

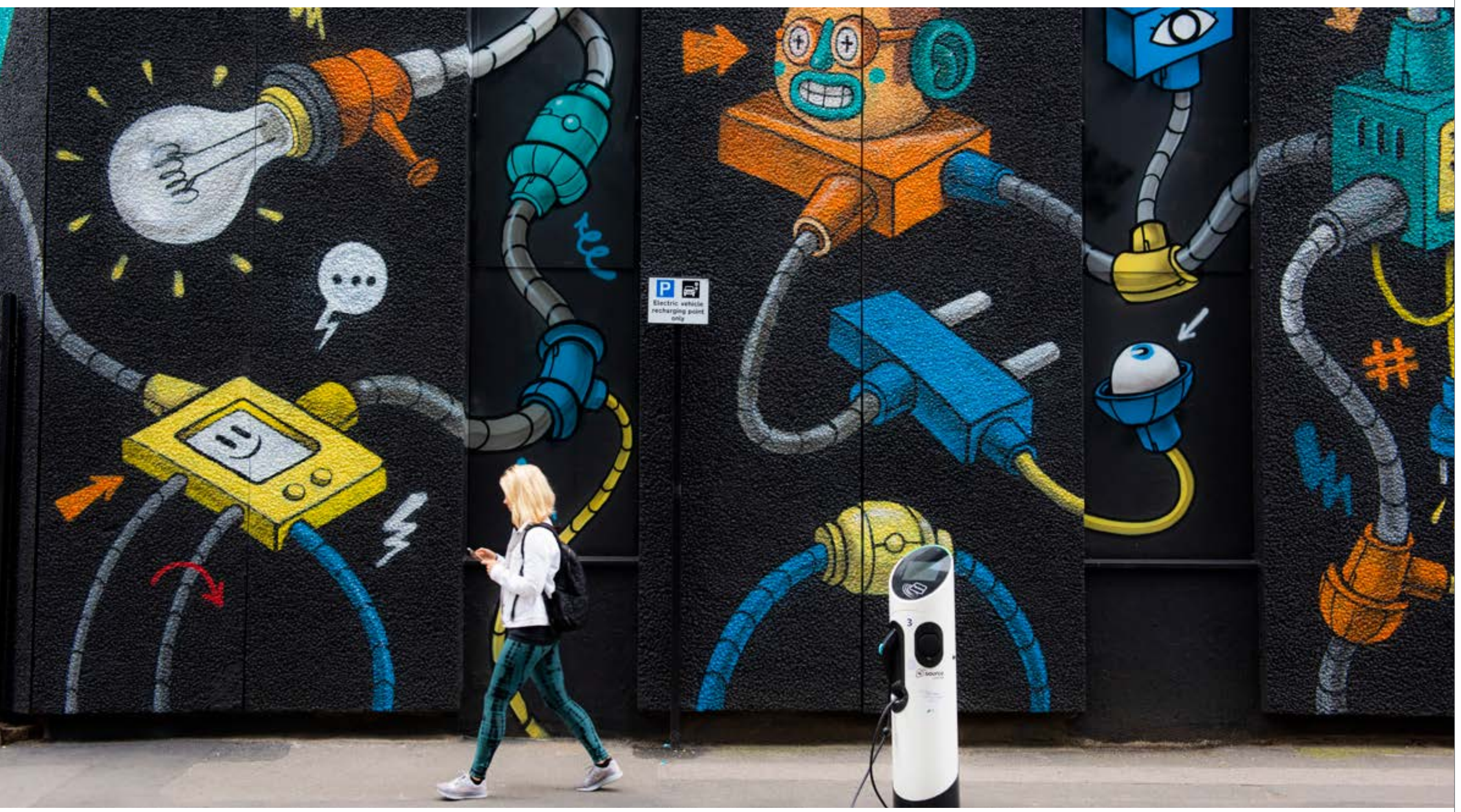
The City & City Fringe residential market is about to enter a quieter phase in its transformation. While there are more units under construction than ever before – a sizeable 4,504 units – many of these will complete over the next 12 months. Furthermore, largely the result of schemes being started, the planning pipeline has shrunk by 57% over the past four years.

This implies that the new-build City & City Fringe market will not only be quieter in twelve months' time, 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.



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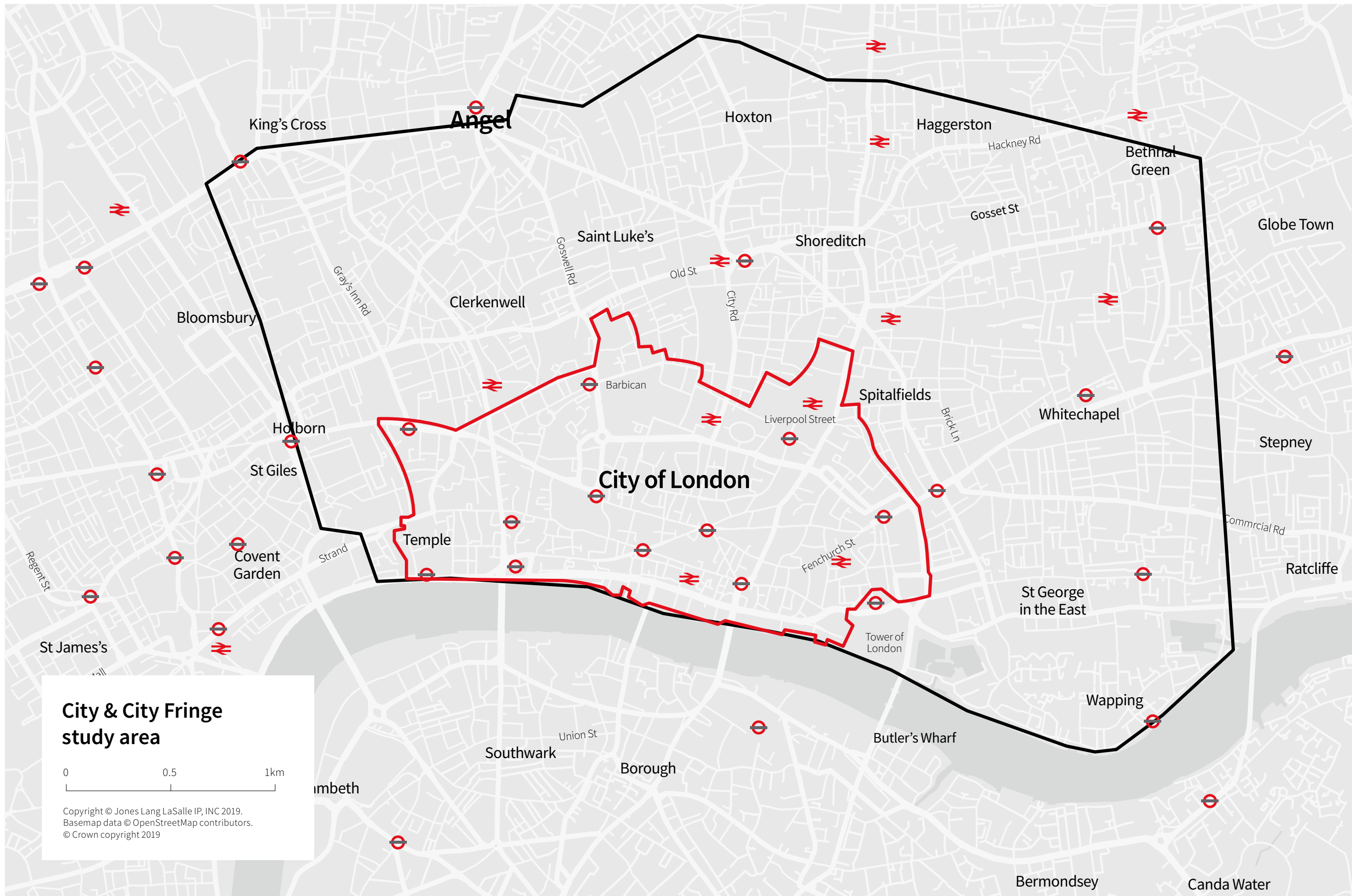
New developments have raised the profile and appeal of living in the City and in its vibrant fringe submarkets like Shoreditch, Hoxton and City Road.

Peter Gibney, Residential Development



The population of City & City Fringe is set to grow by 11% over the next ten years. Crossrail will provide improved connectivity, adding further to this area's appeal.

Outlook

The pace of residential development is set to slow down, but we expect price and rental growth to outpace the Central London average over the next five years.

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, however, presents a huge opportunity for developers, and could leave buyers with little new-build stock to purchase.

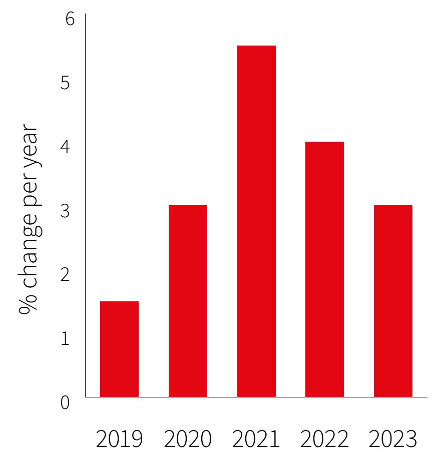
The plethora of new developments, especially on the City Fringe, will provide the stock for a far more vibrant re-sales market and lettings market. The new stock completing over the next 12 months, will combine with previously completed properties to offer more residential choice to the increasing numbers of people eager to experience living 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 eventual introduction of Crossrail will also provide an impetus to the area, 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 dependent on the route of Brexit but irrespective of the rates of growth expected for London, we forecast that the City & City Fringe markets will outpace growth rates for Central London as a whole over the next five years. The introduction of Crossrail plus the better affordability in some City Fringe locations, relative to other Central London submarkets, will be key drivers of outperformance.

Prices forecast to rise assuming a positive Brexit deal



Source: JLL

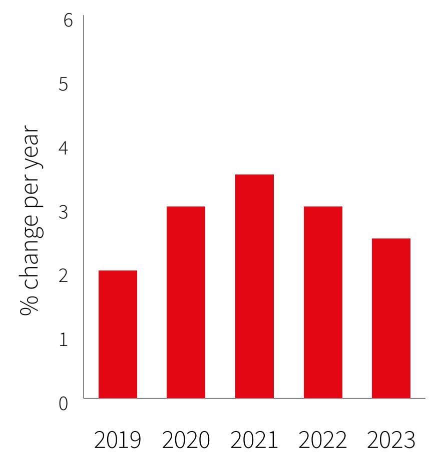
18%

Five year sales price growth forecast

15%

Five year rental growth forecast

Rental growth set to rise if Brexit deal is reached soon



Source: JLL

New-build market

There is an exciting and exemplary pipeline of apartments being developed across several submarkets for the growing City & City Fringe community.

Central City

There are 657 private units under construction in Central City. However, almost all of these will be completed by the end of 2020. And with no schemes of 25 private units or more in the planning pipeline, the area will be starved of new developments in the near future.

This clearly presents an opportunity for developers but also presents buyers with little choice.

Even now, there are only a few schemes with units for sale. Taylor Wimpey Central London's The Denizen, close to the Barbican, and Helical's Barts Square have the most units for sale.

Shoreditch & Hoxton

Shoreditch & Hoxton is a very busy residential development market at present. It is also the fastest changing and most popular area in the City & City Fringe region.

The area now has a vibrant and enticing social scene, appealing to the young and new demographic that love to reside in and visit this locale.

The striking Principal Tower will complete later this year while The Stage will complete in 2021. Shoreditch Exchange also has units for sale. Further out, the ever-changing plans for Bishopsgate Goodsyard should eventually deliver additional residential units to the area.

City Road

The City Road continues to be a hotbed of development activity. There are 997 private units under construction but there are no for-sale schemes in the planning pipeline. The only scheme in the pipeline is the 100 unit multifamily (rental) Former St Matthew's Hospital site.

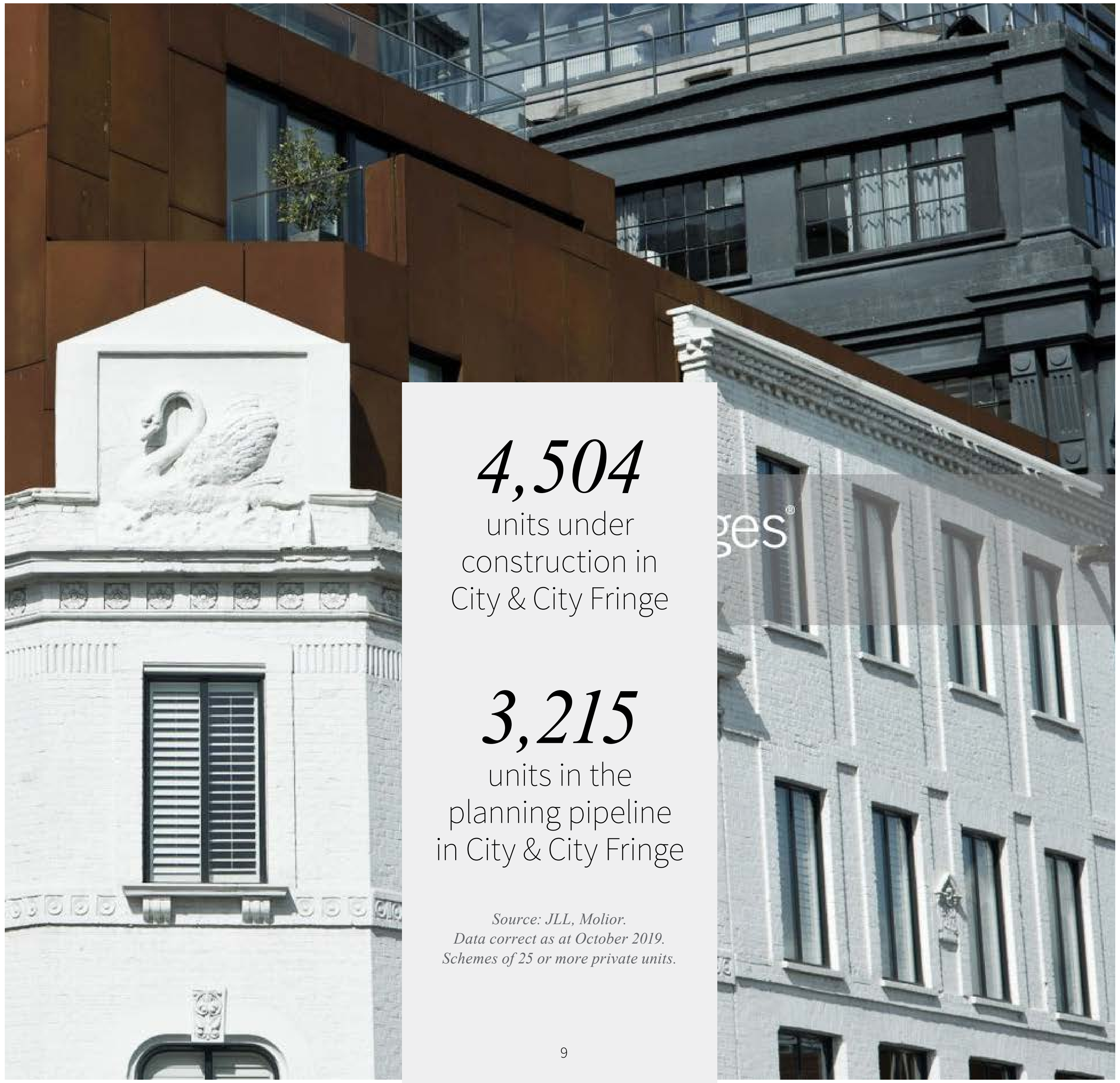
There is therefore a great opportunity for developers to take advantage of the supply shortfall in the years ahead. This will be particularly appealing as schemes have been selling exceptionally well along the City Road - 250 City Road and Atlas Building have yielded around 300 sales each to date.

Key developments	*Key developments*	*Key developments*
One Crown Place (UC,FS)	The Stage (UC,FS)	250 City Road (UC,FS)
Barts Square (UC,FS)	Principal Tower (UC,FS)	Atlas Building (C,FS)
The Denizen (UC,FS)	Bishopsgate Goodsyard (PA)	Former St Matthew's Hospital (PP,MF)

C = Complete, UC = Under Construction, FS = For Sale, PA = Planning Application, PP = Planning Permission, FA = Failed Application, MF = Multifamily (rental)

Typical pricing of new-build apartments

Central City	Shoreditch & Hoxton	City Road	Aldgate	Whitechapel	Western fringes
£1,300 - £1,900 psf	£1,000 - £1,300 psf	£1,200 - £1,600 psf	£1,000 - £1,500 psf	£850 - £950 psf	£1,400 - £2,200 psf



4,504

units under construction in City & City Fringe

3,215

units in the planning pipeline in City & City Fringe

Source: JLL, Molior.
Data correct as at October 2019.
Schemes of 25 or more private units.

Whitechapel

The Whitechapel area is beginning to change. The first phases of Mount Anvil and L&Q's circa 500 private unit The Silk District have now commenced construction, but no other residential developments are currently underway.

The long-term plan is to transform the existing heart and spine of the area with a new streetscape, public squares and open spaces which will host creative industries and new retail. Crossrail will also deliver improved connectivity and a higher profile.

There are two key schemes in the development pipeline: Londonewcastle's 286 private unit Whitechapel Estate and Sainsbury's 406 private unit Whitechapel Square, although this scheme failed to gain approval at a recent planning appeal. The Sainsbury's site is currently for sale.

Aldgate

The Aldgate area has experienced significant development activity in the last ten years which has improved the vibrancy and feel of the neighbourhood. Being on the cusp of the City to the west and the evolving Whitechapel to the east adds to the attraction of Aldgate.

More than eight years after commencement, all of the circa 800 private units at Berkeley Homes' Goodman's Fields will have been completed and fully sold by the end of 2019. The only other scheme underway is the 60 unit Minories development. The second phase of Barratt's Aldgate Place has not yet started.

There are three schemes, totalling 426 private units, in the planning pipeline. The Guinness Trust's Mansell Street Estate is the largest at 309 units.

Western fringes

Residential development on the western fringes of the City will be dominated by Taylor Wimpey Central London's Postmark London scheme over the next few years. 151 private units in phase 1 are already underway, but there are a further 382 private units to follow.

The other key development underway is Lodha's Lincoln Square where 221 private units will complete by the end of 2019.

Other than Postmark London, there are no other developments in the planning pipeline. This implies that this area will suffer from a lack of choice for new-build buyers over the next few years.

Key developments (Whitechapel)

The Silk District (UC,FS)
Whitechapel Square (FA)
Whitechapel Estate (PP)

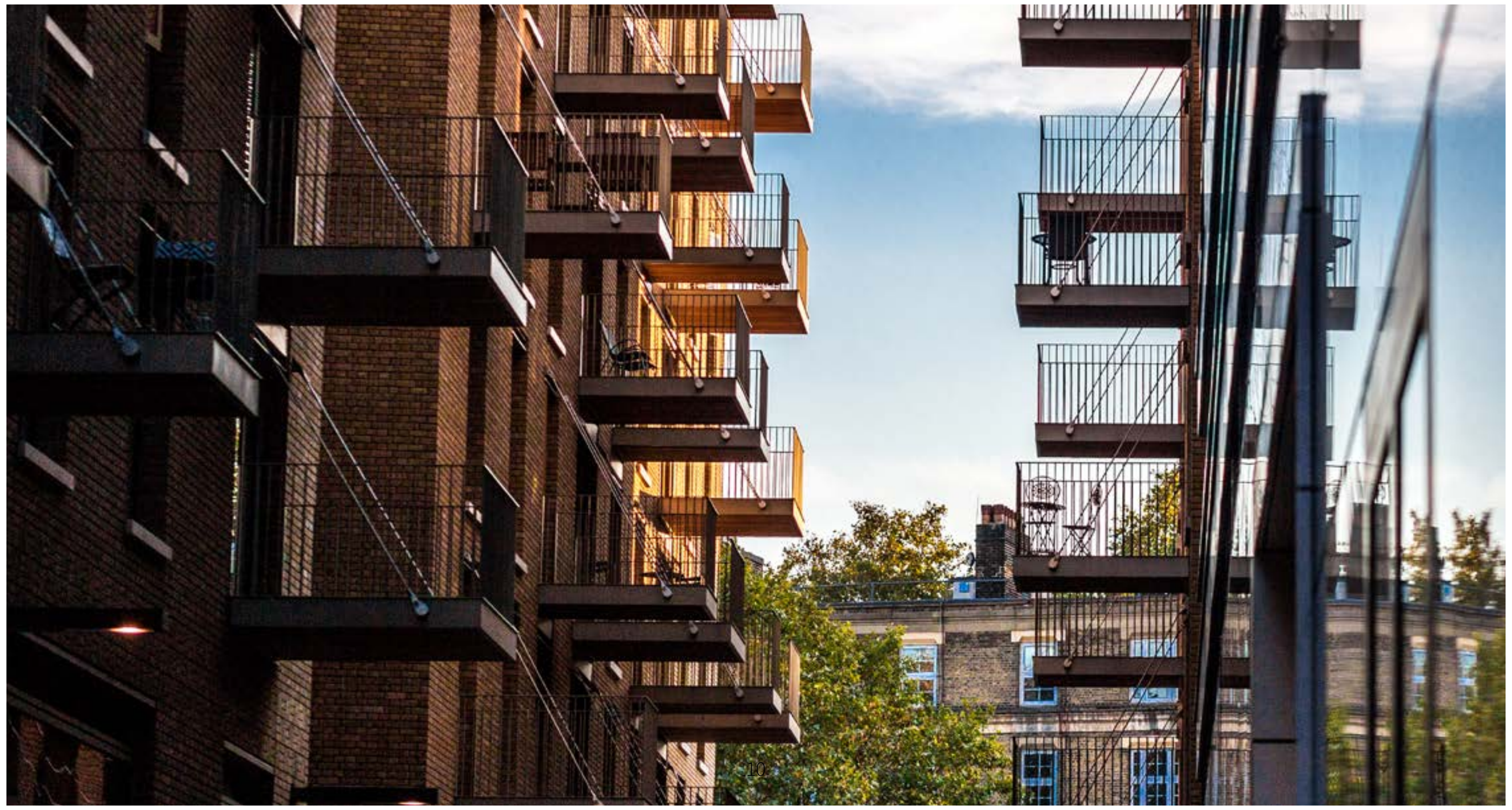
Key developments (Aldgate)

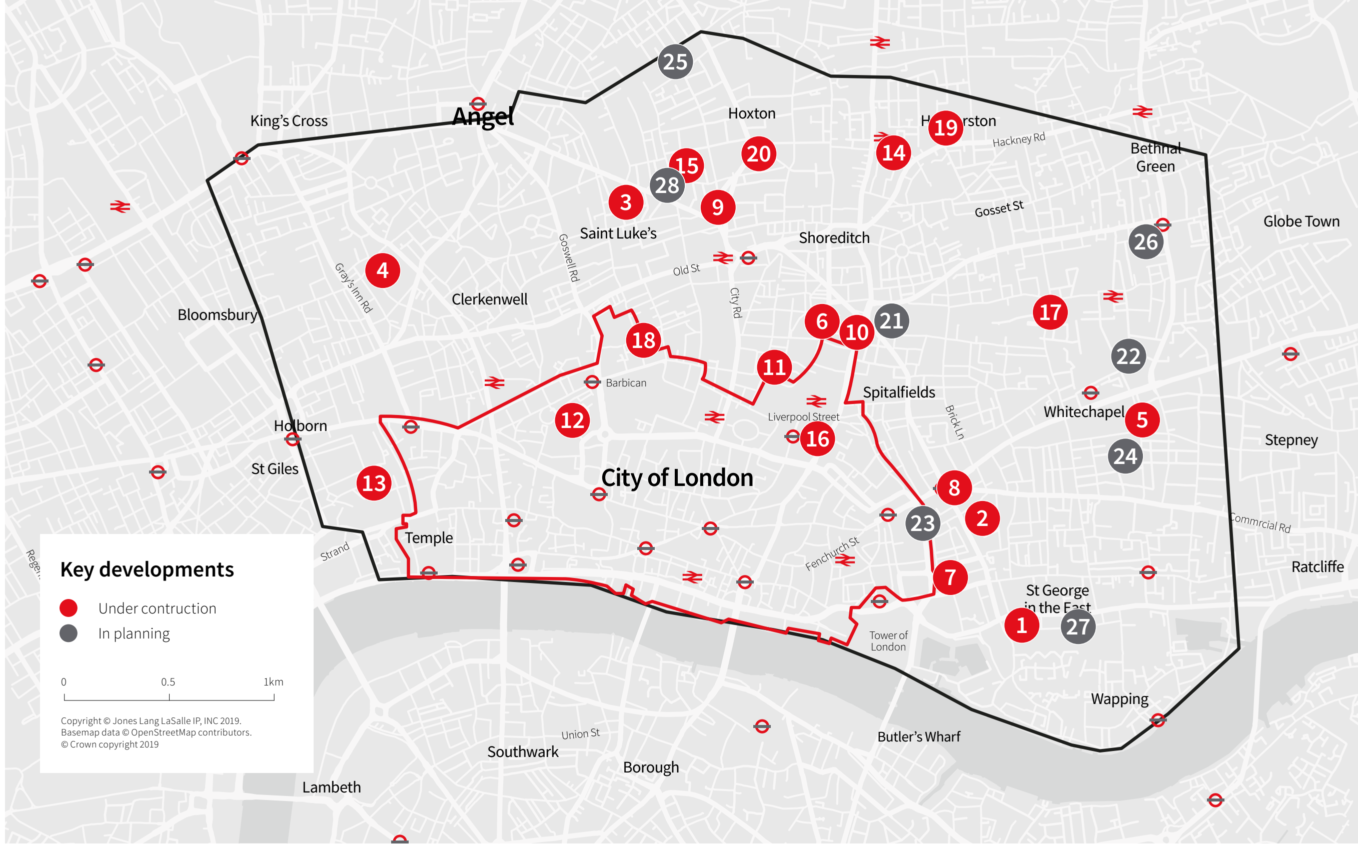
Goodman's Fields (UC,FS)
The Minories (UC)
Mansell Street Estate (PA)
26-38 Leman Street (PA)

Key developments (Western fringes)

Postmark London (UC,FS)
Lincoln Square (UC,FS)

C = Complete, UC = Under Construction, FS = For Sale, PA = Planning Application, PP = Planning Permission, FA = Failed Application, MF = Multifamily (rental)





Map ref	Scheme	Developer, *multifamily operator*	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, for sale
4	Postmark London	Taylor Wimpey Central London	533	Under construction, for sale
5	The Silk District	Mount Anvil, L&Q	415	Under construction, for sale
6	The Stage	Galliard Homes	412	Under construction, for sale
7	Royal Mint Gardens	IJM Land	333	Under construction
8	Aldgate Place	Barratt London	315	Under construction
9	The Atlas Building	Rocket Properties	302	Complete, for sale
10	Principal Tower	Brookfield, Concord Pacific, W1 Developments	301	Under construction, for sale
11	One Crown Place	Mtd	246	Under construction, for sale
12	Barts Square	Helical	236	Under construction, for sale
13	Lincoln Square	Lodha	221	Under construction, for sale
14	Shoreditch Exchange	Regal London	184	Under construction, for sale
15	The Makers	Londonewcastle	175	Under construction, for sale
16	One Bishopsgate Plaza	UOL, Stanhope	160	Under construction, for sale
17	White + Green	Higgins Homes	107	Under construction, for sale
18	The Denizen	Taylor Wimpey Central London	99	Under construction, for sale
19	HKR Hoxton	LBS Properties	69	Under construction, for sale
20	Dash	Countryside	53	Under construction, for sale
21	Bishopsgate Goodsyard	Ballymore, Henderson	c500	Application
22	Whitechapel Square	J Sainsbury	406	Failed application
23	Mansell Street Estate	The Guinness Trust	309	Application
24	Whitechapel Estate	Londonewcastle	286	Permission
25	48 Eagle Wharf Road	Access Self Storage, Precis Management Services	141	Application, multifamily
26	Former LEB Building	Telford Homes	124	Failed application
27	Volkswagen	Mid City Properties	123	Application
28	Former St Matthew's Hospital	Spiritbond	100	Permission, multifamily

Source: JLL, Molior. Data correct as at Oct 2019. Under construction – schemes of 50 or more private units. Planning – schemes of 100 or more private units.

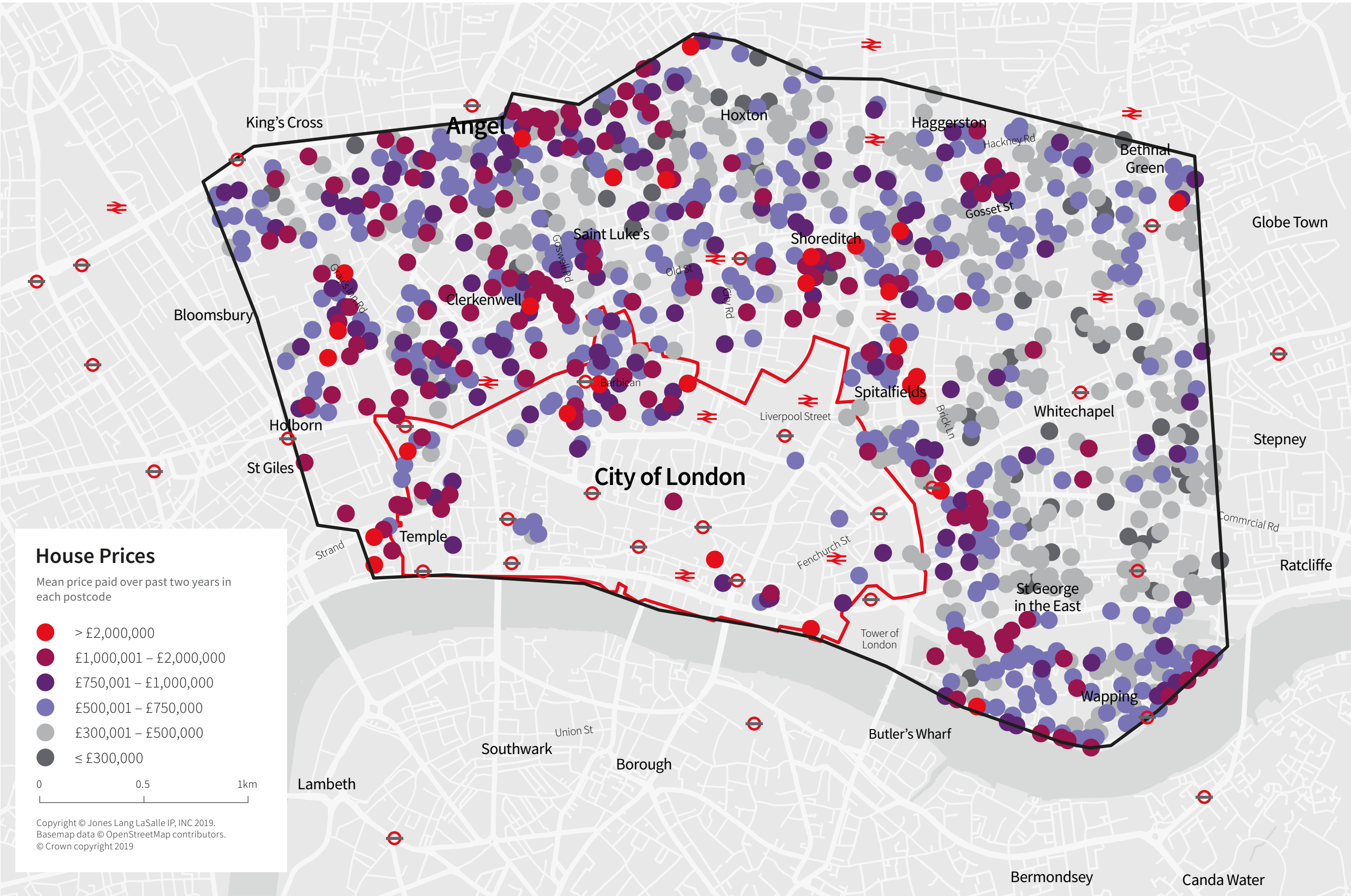
Existing property sales market

The existing property sales market is set to become far more active and competitive over the next ten years.

Developments completed over the last few years, and to be completed over the next few years, will add considerable housing stock to the City & City Fringe area. This will mean a far more active existing (not new) residential sales market over the next decade. Buyers are benefiting from increased choice nowadays – a situation that is set to improve markedly. However, the greater choice has also made pricing more sensitive, especially of late when transaction volumes are lower across London.

> *Despite recent uncertainty, the City still benefits from strong investment demand and healthy rental performance, which has softened any market disruption from Brexit.*
>
> Harry Martin, Residential Sales

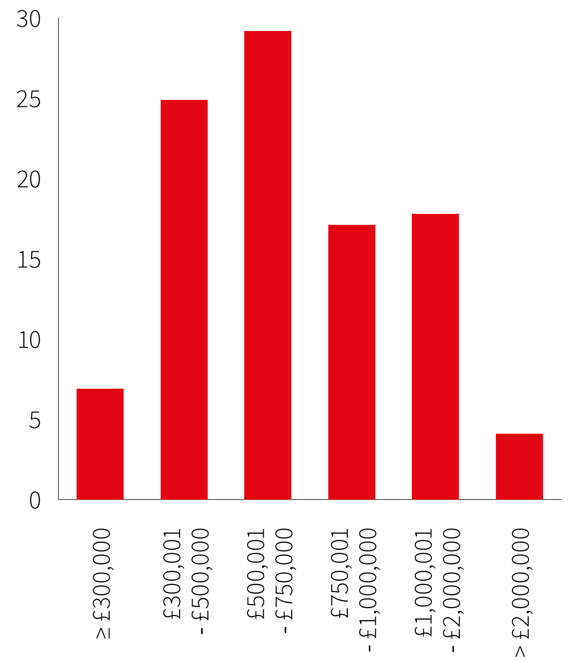
The flurry of new developments which, together with the rise of areas such as Shoreditch and Hoxton and the promise of Crossrail, have all helped to raise the profile of the whole area. This has led to increased values of the older stock in the City & City Fringe area too.



Source: JLL, Land Registry

Local transactions by value

% of property transactions in last two years



Source: JLL, Land Registry

The most expensive postcodes in the area are along the River Thames, in the western and north-western regions and areas close to the City of London. New developments have also lifted average prices in the Shoreditch area. The areas to the north, north-east and east are the least expensive areas.

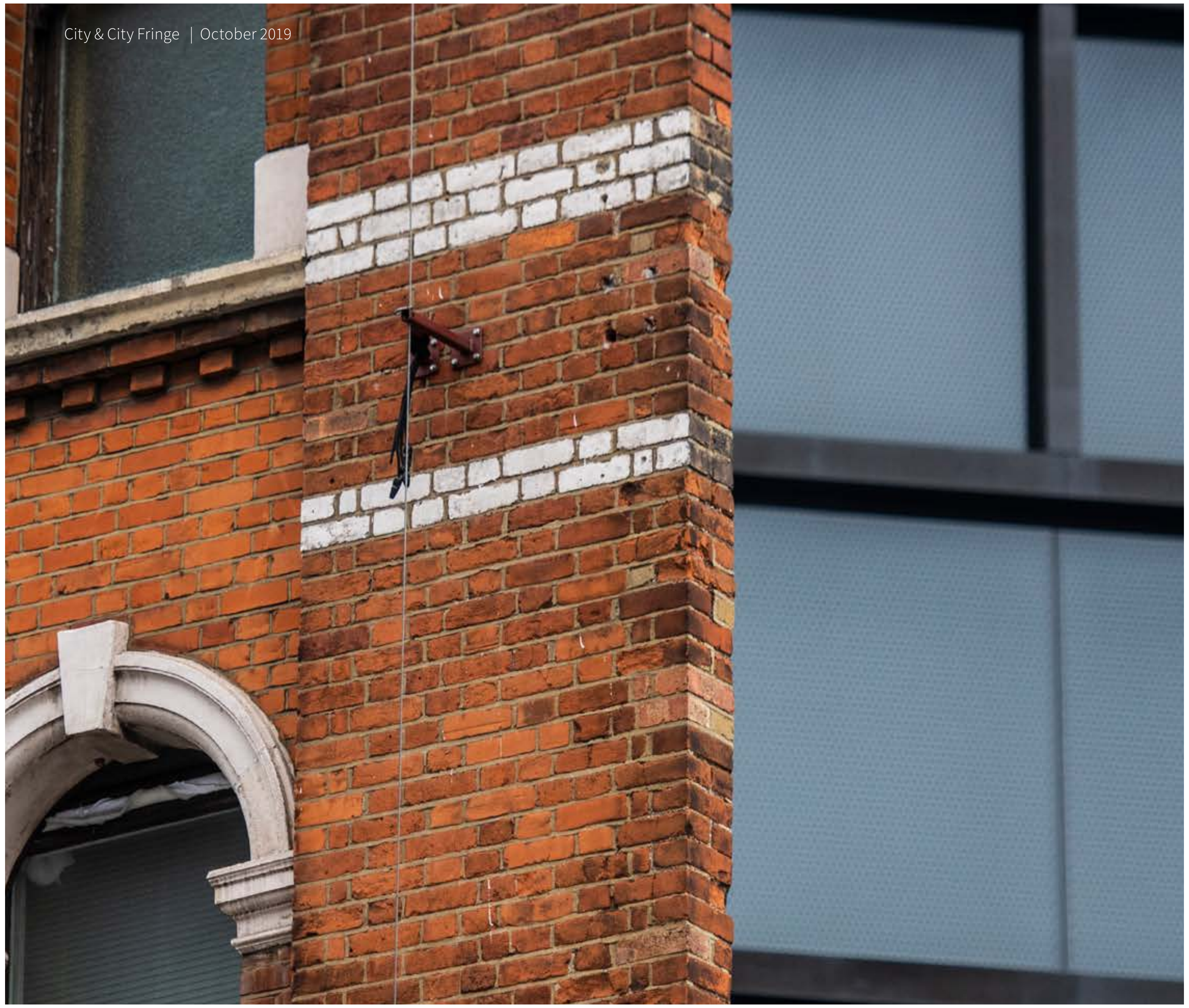
The average price of an existing home over the past two years was £726,000. Around 32% of homes purchased were below £500,000 with 29% priced between £500,001 and £750,000. 17% were between £1m and £2m with 22% of purchases above £2m. 89% of purchases over the past two years have been apartments.

House price growth in the City of London has been very strong over the past 20 years. Prices have increased by 353% during this time, an average of 7.8% pa. This is higher than the Greater London average of 311% and 7.3% pa respectively.

353%

the 20 year increase in house prices in the City of London

Source: JLL, Land Registry



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

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

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.

The lettings market in the City & City Fringe market has been very strong for the past three years. 2019 has been particularly active. The attraction of Central City and all the City Fringe locations has grown rapidly during this time. New developments have brought in a new and younger demographic and due to the high volume of new developments in recent years this has created a vibrant critical mass of residents, many of them renters.

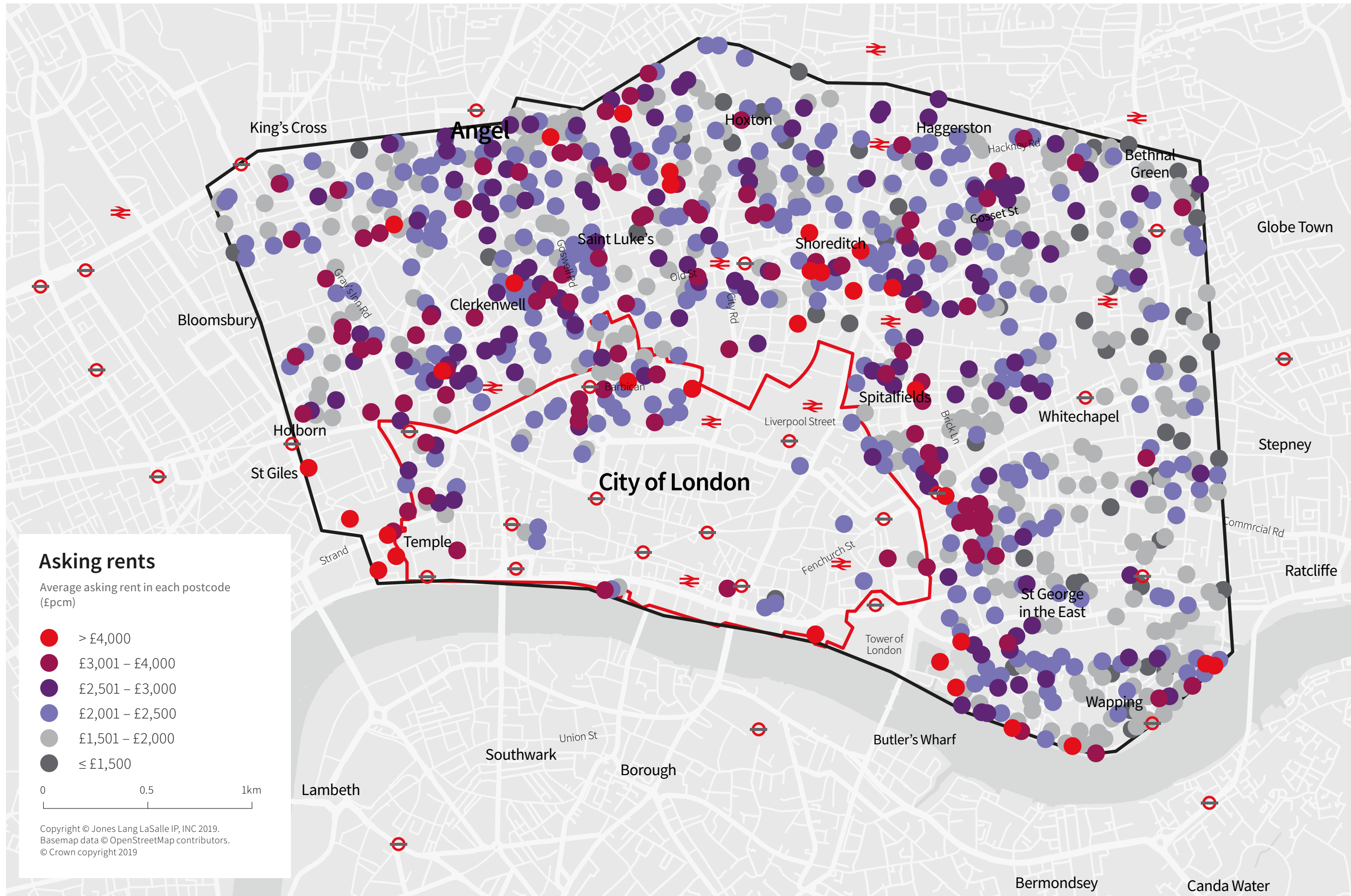
Tenants particularly like the close proximity of these locations to workplaces, with public transport connectivity very strong. Crossrail will improve this further, particularly around Farringdon, Liverpool Street and Whitechapel, when it eventually becomes operational.

There are an increasingly high number of HNW students in the City & City Fringe lettings market. This group particularly like the new developments and while many will opt for a one bedroom apartment if possible there are also many sharers in these neighbourhoods.

One of the reasons behind the buoyant lettings market in recent years is the slightly softer sales market. Many people have elected to rent rather than buy while several owners have opted to rent their apartment rather than sell. This has resulted in escalating rental demand and supply and a far busier lettings market.

Rents vary depending on location. Rents are highest in the Western fringes at £700-£800 pw for a one bedroom apartment with Whitechapel the most affordable area, where rents for a one bedroom apartment are more typically in the £350-£550 pw range.

There have been a number of multifamily (rental) developments in recent years, but the only building under construction is L&Q's Ensign Court. Recent multifamily developments have been at Sovereign Court and at Dressage Court. All of these have been on the City fringes.



Source: JLL, Rightmove

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
Crossrail	Whitechapel, Liverpool Street, Farringdon

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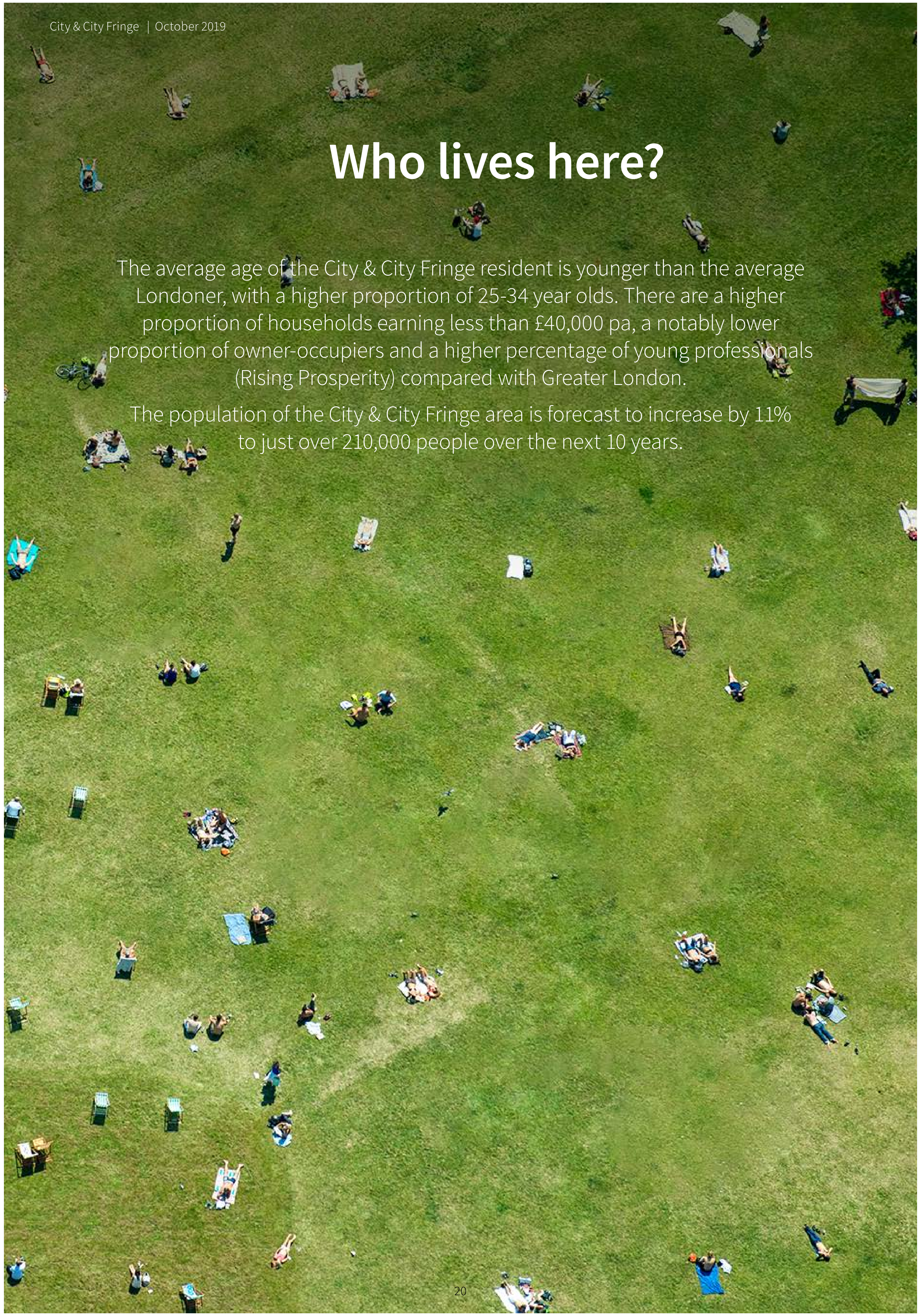
Restaurants

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



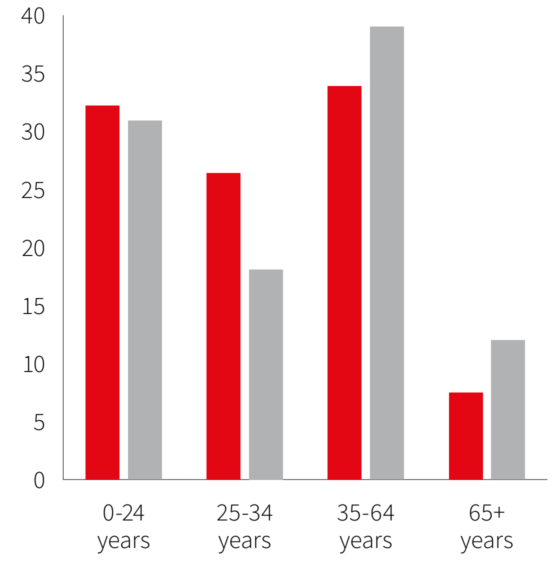
Who lives here?

The average age of the City & City Fringe resident is younger than the average Londoner, with a higher proportion of 25-34 year olds. There are a higher proportion of households earning less than £40,000 pa, a notably lower proportion of owner-occupiers and a higher percentage of young professionals (Rising Prosperity) compared with Greater London.

The population of the City & City Fringe area is forecast to increase by 11% to just over 210,000 people over the next 10 years.

Age distribution

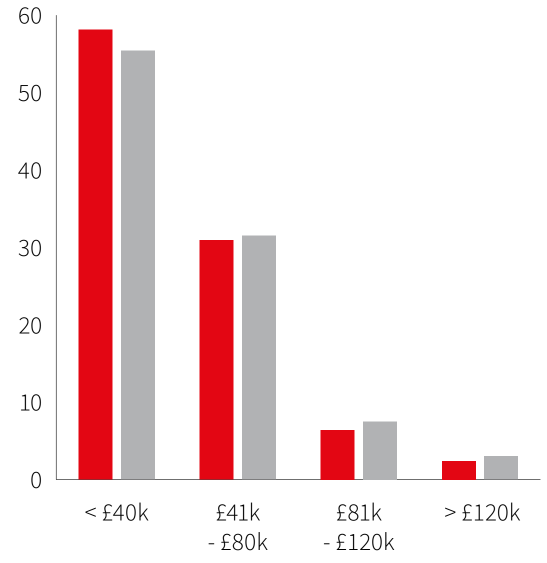
% of population



Source: JLL, CACI

Annual household income

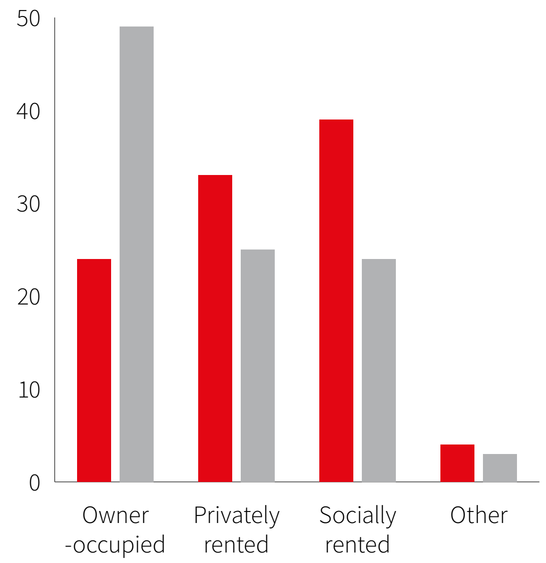
% of households



Source: JLL, CACI

Household tenure

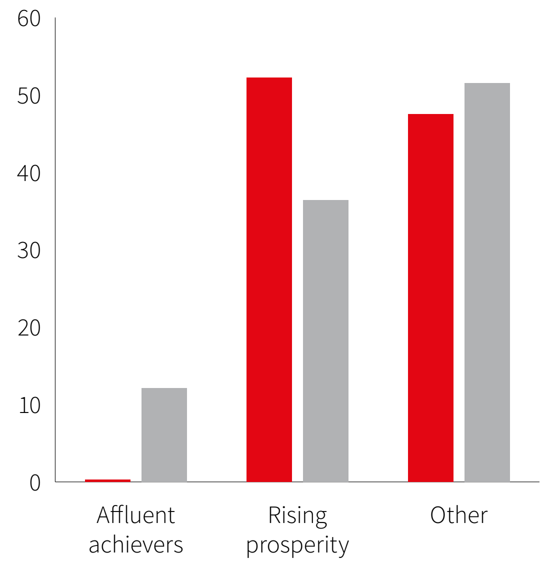
% of households



Source: JLL, CACI

Household types

% of households



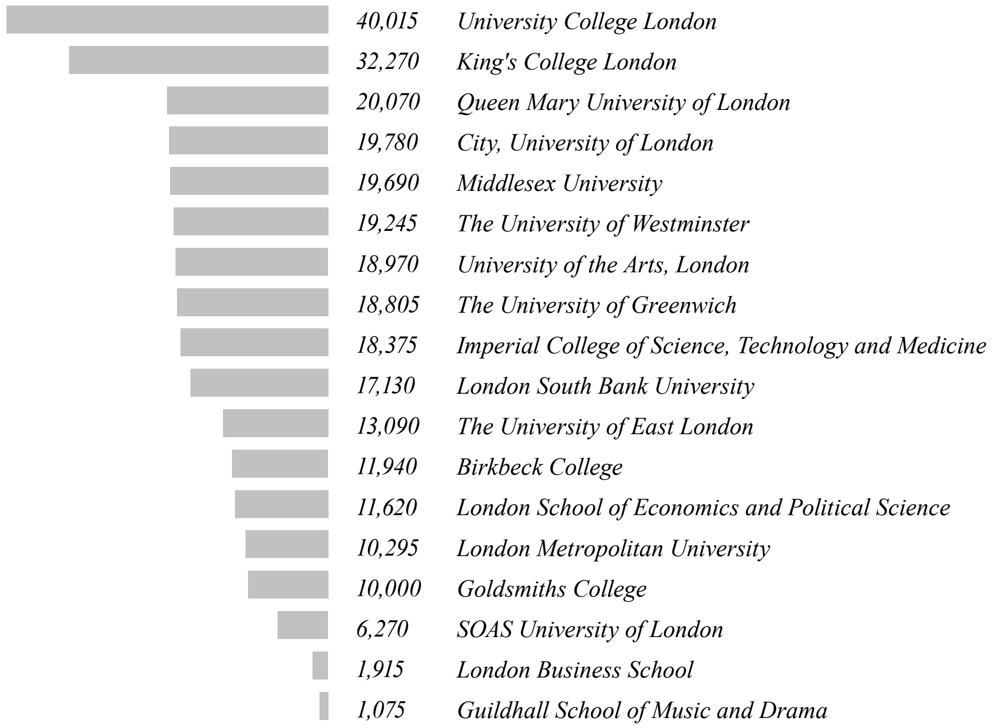
Source: JLL, CACI

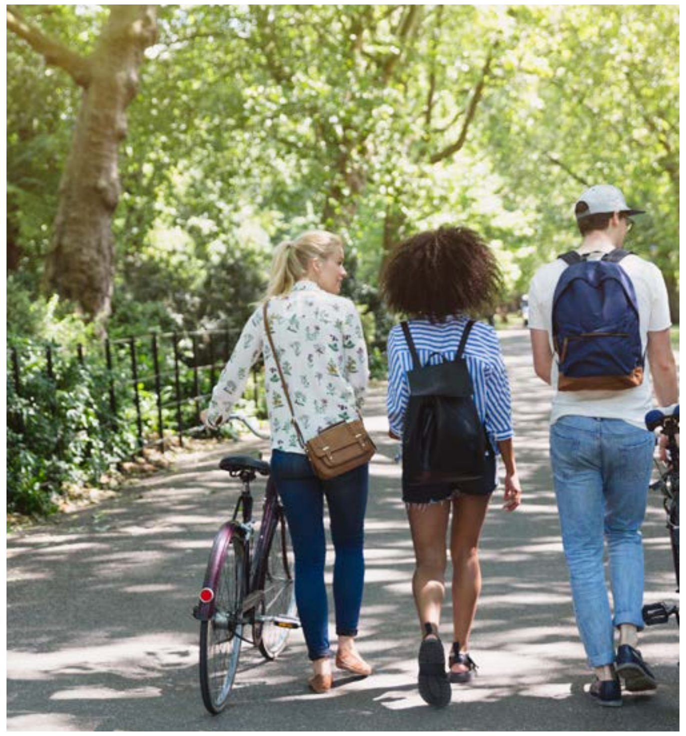
City & City Fringe   Greater London

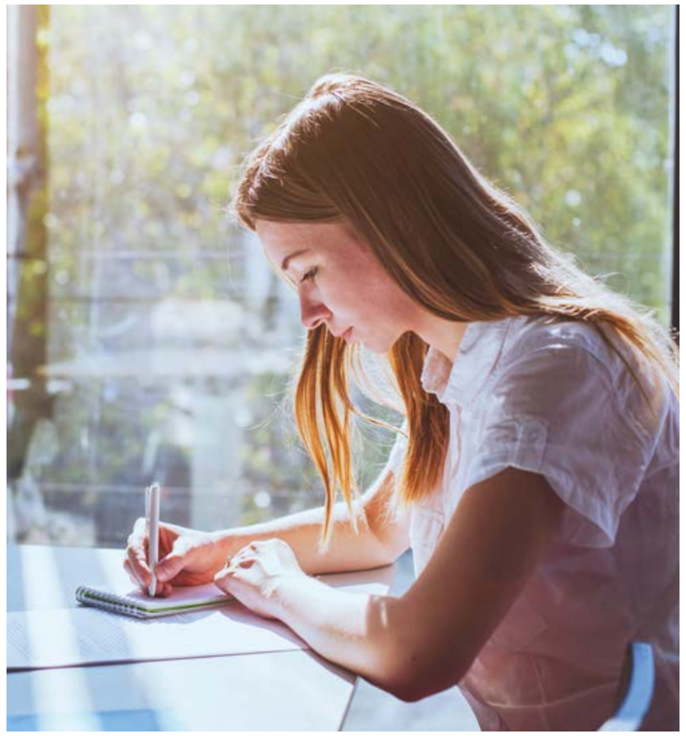
Universities and schools

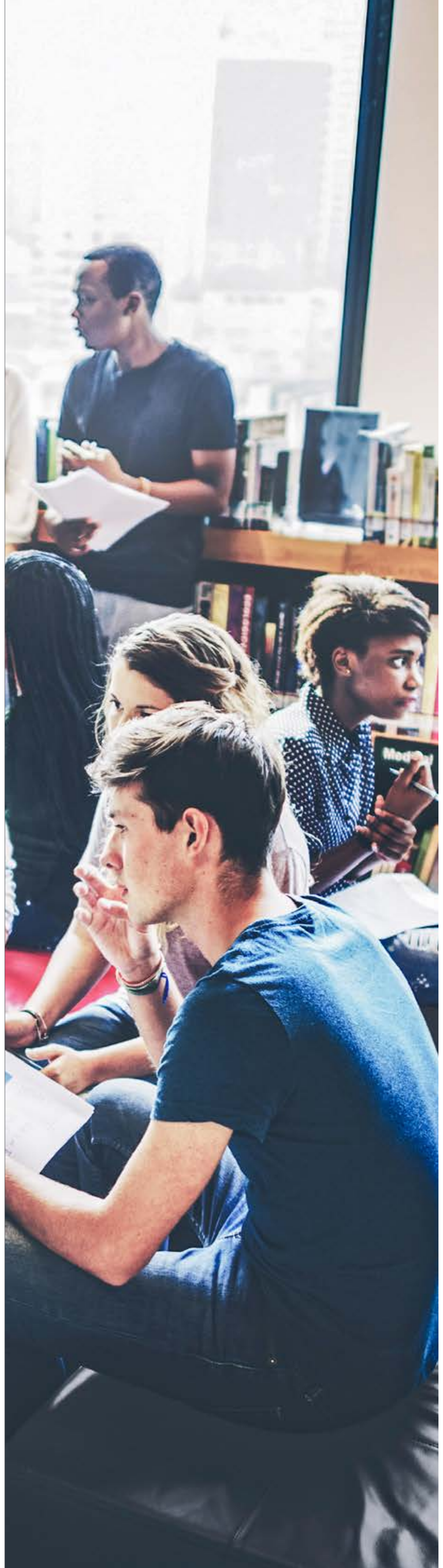
Universities in City & City Fringe include City University, London School of Economics and Political Science and Guildhall School of Music and Drama

Selected universities across London
(number of students)









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.

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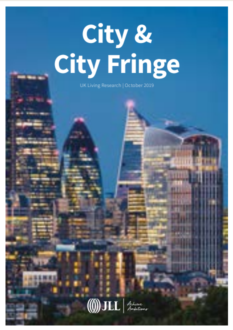

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