- **Richard Clare**
- **Chairman**
- **EC Harris**

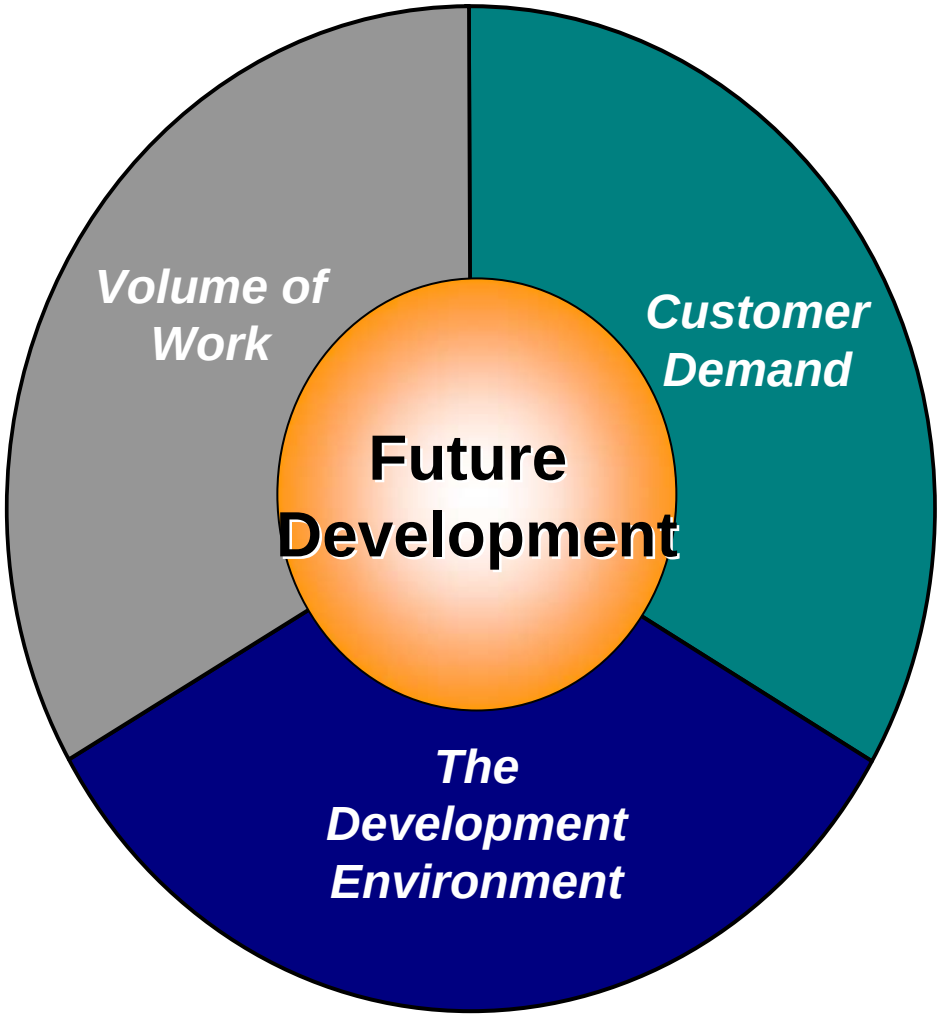


The cost implications arising from key infrastructure and construction schemes and effects on future development

Richard Clare, Chairman

EC Harris LLP

Future Development – what will affect it?



Volume of Work



What will London look like in

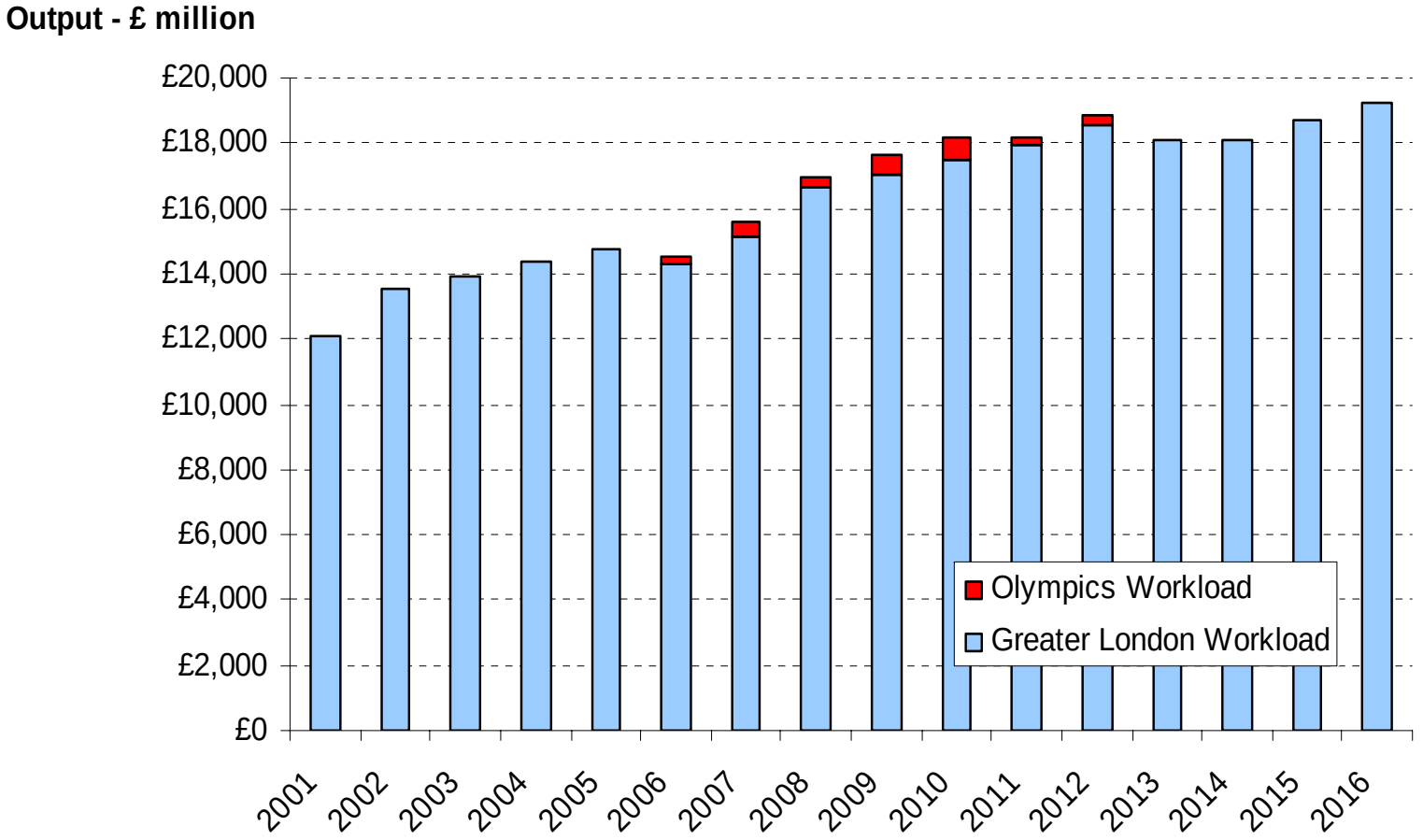


The Global Volume

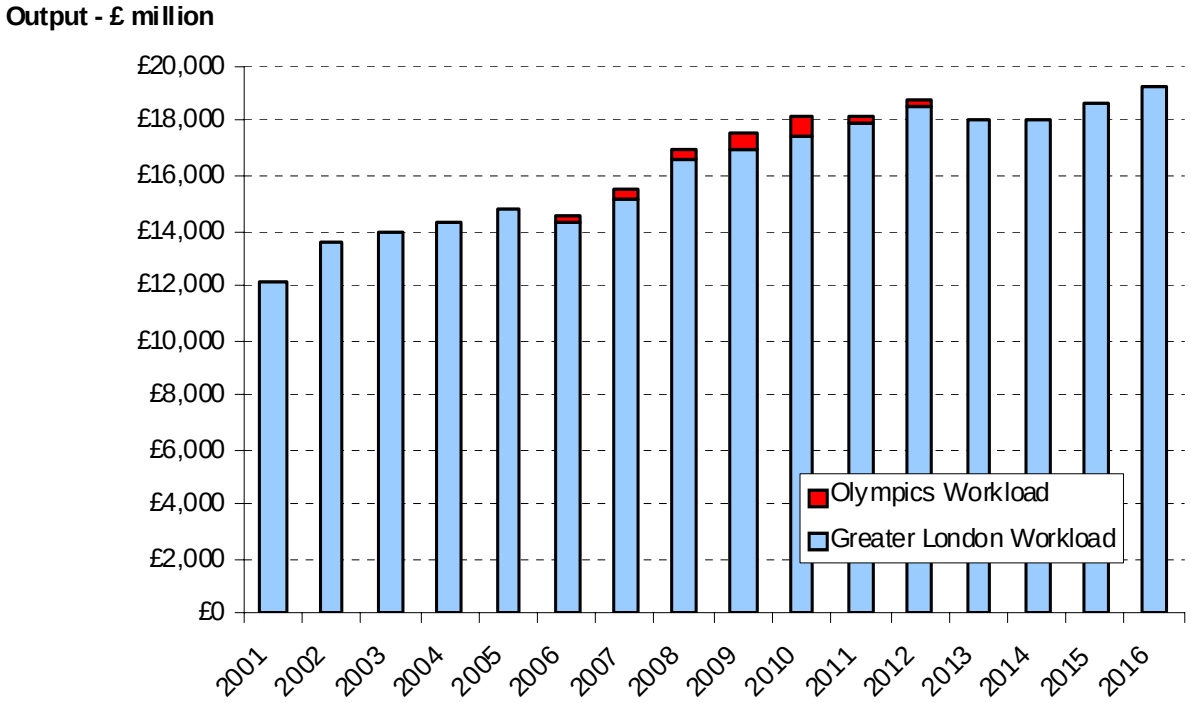
Growth rates around the world:-

	2006
UK	2.4%
Western Europe	2.1%
Eastern Europe	6.1%
Middle East	5.7%
China	10.2%
India	9.3%
USA	3.4%

Construction output – Greater London



But where are we now?



- Skills shortage
- Natural resources availability
- Commodity prices
- Global competition

The Development Environment



The Global Challenge

- 2 Key Issues



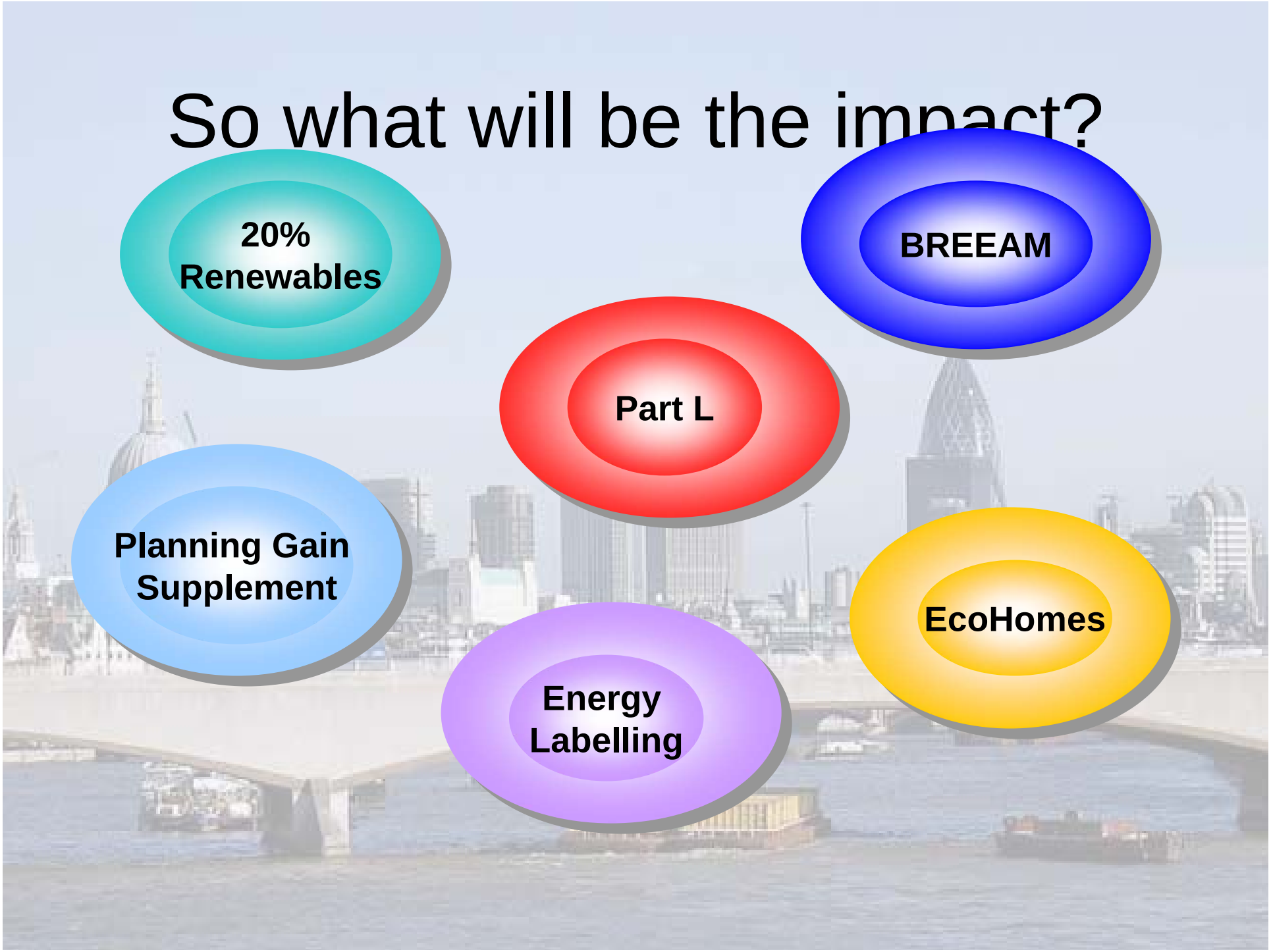
- Oil
- Emissions



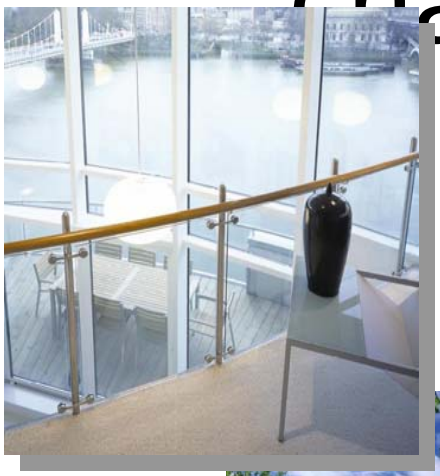
The Local Challenge

- Emphasis on Sustainable Communities
- Social integration
- Transport integration
- Densification of our Cities
- Growing environmental consciousness
- Increasing impact of legislation
- Hardening tax regime

So what will be the impact?



Effect of recent legislative change – last 5 years

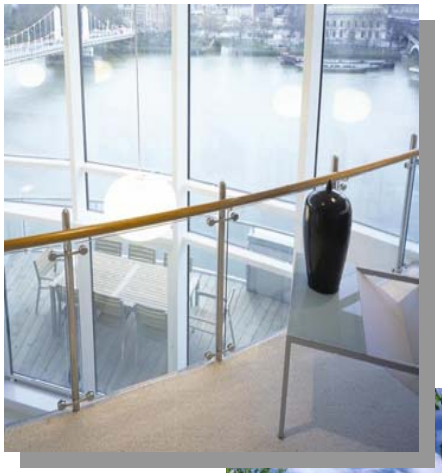




1. Energy Regulations (Part ‘L’)
2. Acoustics (Part ‘E’)
3. Finance Act (Land Remediation Tax Relief)
4. European Hazardous Waste Directive
5. [illegible] ‘Very Good’

Construction cost impact of 3-5%

Next 5 years





1. Construction (Design and management)regulations
2. Building Regulations – Part ‘F’
3. Building Regulations – Part ‘L’
4. Reform (Fire Safety) Order

Construction cost impact of + 5%

Performance of

Customer Demand



Customer Demand - Ethical Investment

Worldwide

Code of corporate responsibility for the world's financiers – launched by the UN, May 2006.

- 160 Banks, Insurers and Fund Managers have signed up
- Shared investment capital to date, US$ 2 trillion

UK

Top performing ethical fund – F&C's Asset Managements Stewardship Income Fund.

- Value: £200 million
- Top performer amongst both ethical and non-ethical competitors

Looking ahead

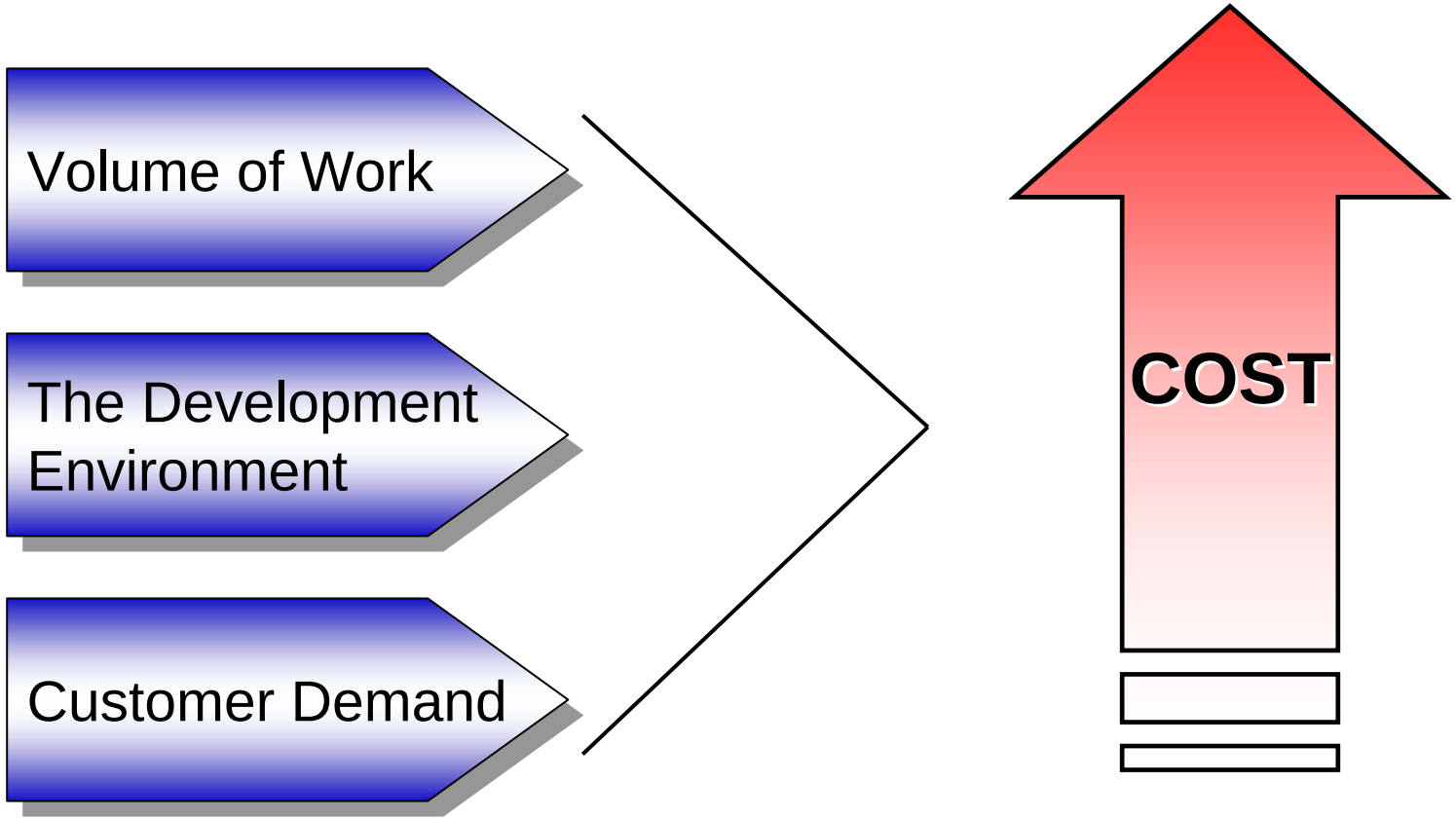
- Ethical REITS from 2007 will allow investors wider choice
- Ethical investors may opt for schemes where, typically, buildings have a shelf life of 100 years, with recyclable materials of low carbon emission.

The power of customer choice

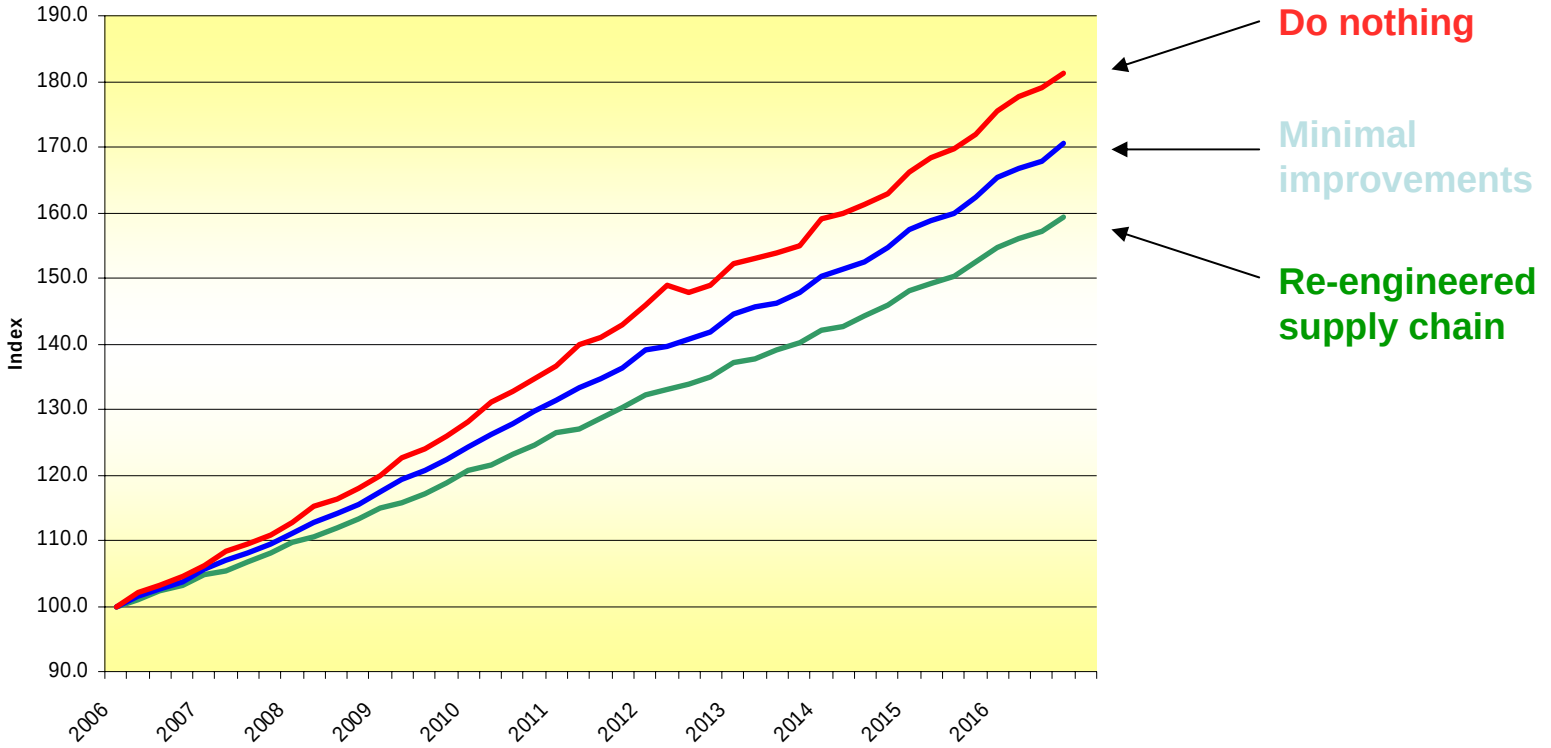
- Running Costs
- Sustainability
- Asset Performance and obsolescence
- Flexibility of Product
- Live / Work / Play
- Working environment – supports business performance
- Service Offer

Cost, Product and Value

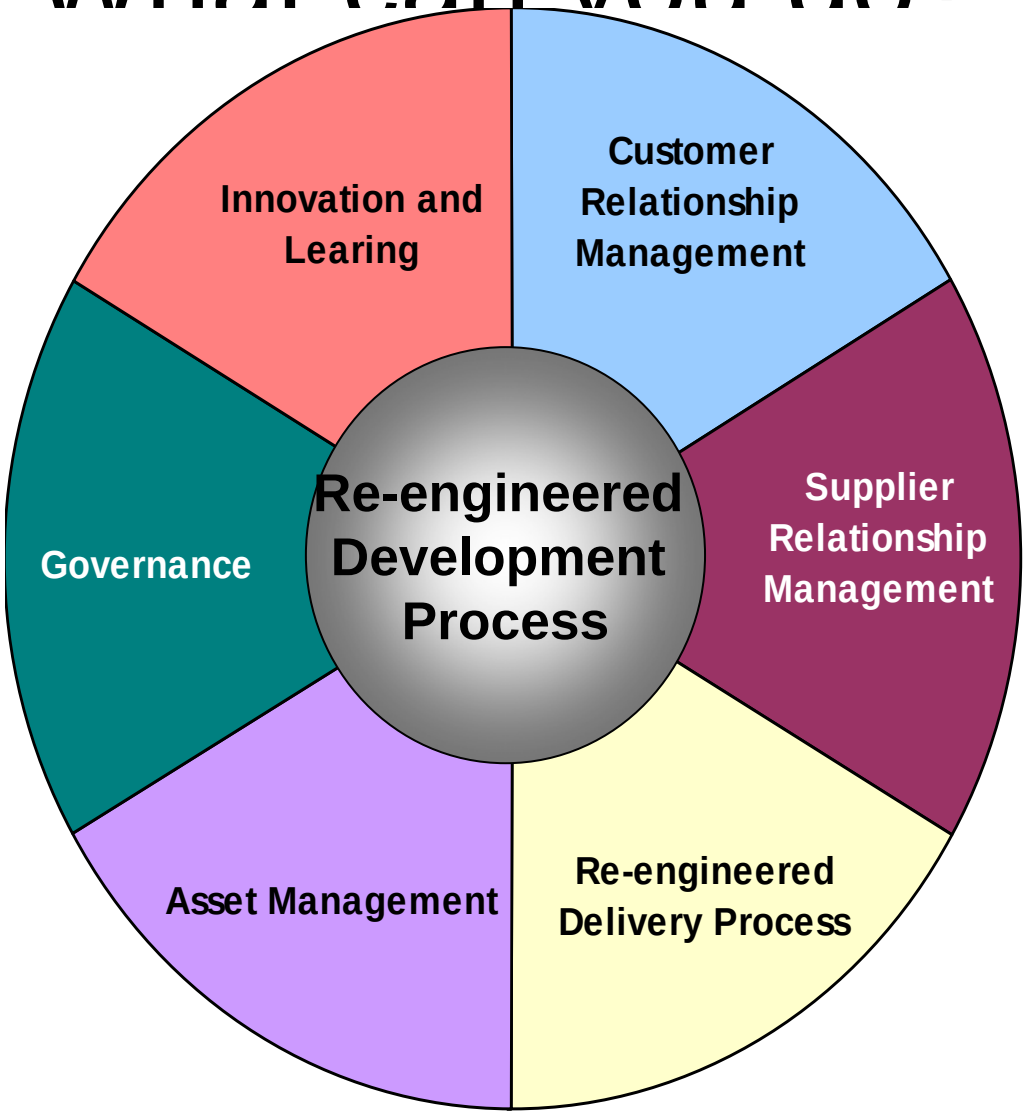
The Impact on Development



Tender Prices in London:- 2006 - 2016



What can you do?




your customers and
suppliers?