- **Steven Lang, Associate Director, Commercial Research**
- **Jim Ward, Director, Residential Research**
- **Savills**

Overview

Development demand drivers:

- commercial office market
- residential market

“what occupiers want!”

“where people want to live”

The commercial office market…

What is important going forward?

- Accessibility
- Connectivity will become more important…
- …Without cars?



What is important going forward?

- Keep the staff happy!



- “What employees want”
- Commuting a key factor

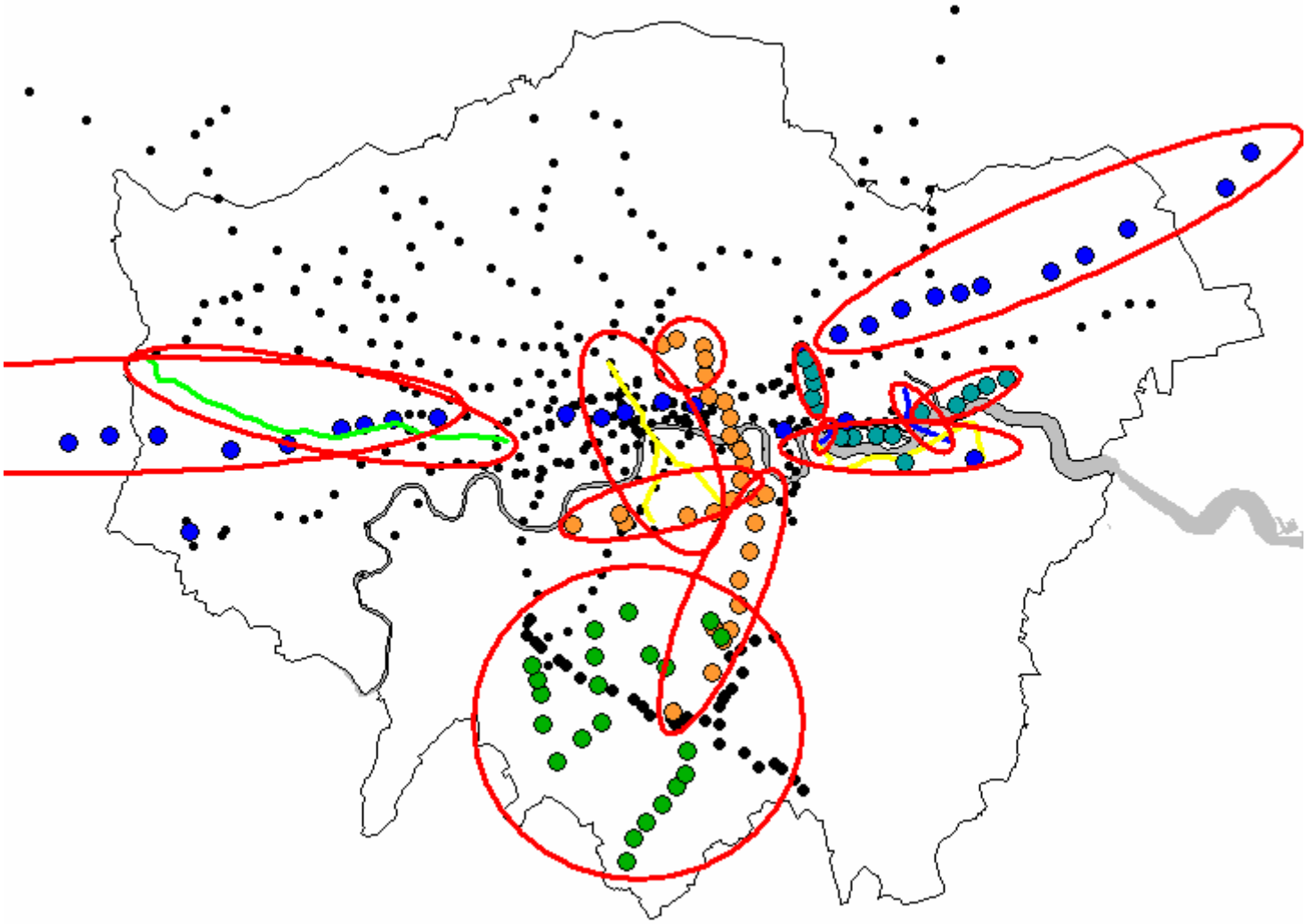
Infrastructure/transport…

Tube/tram connectivity



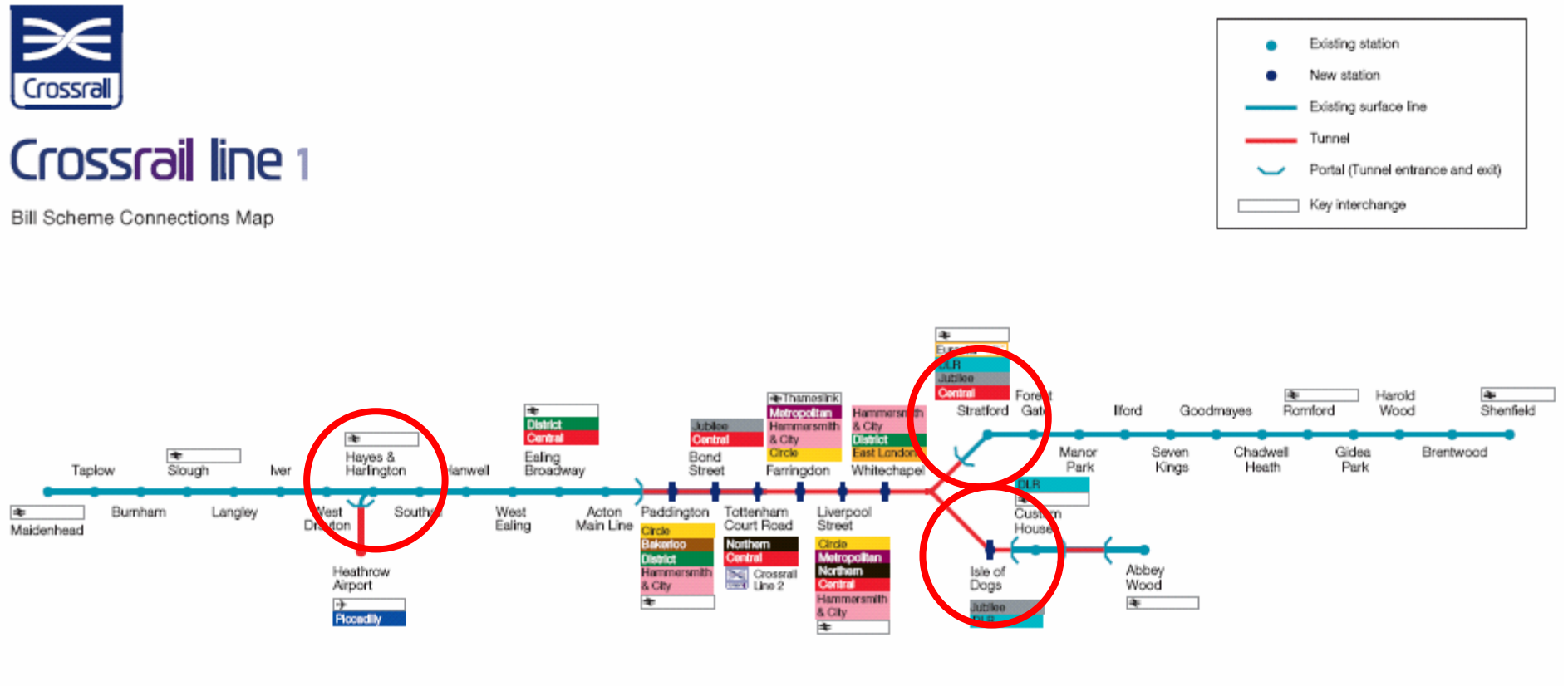
Source: Savills

Substantial increase in new nodes



Source: Savills

Crossrail for London (after 180 years!)



Source: www.crossrail.co.uk

“Crossrail is even more important for the long-term future of London and the UK than the Olympic games”

Ken Livingstone – 6th June



FINANCIAL TIMES WEDNESDAY JUNE 7 2006

LONDON DEVELOPMENTS

Delays to Crossrail 'threaten new offices'

By Bob Sherwood, London and South-East Correspondent

Large office developments in central London will soon be refused planning permission unless the long-delayed Crossrail scheme finally gets the go-ahead, the mayor warned yesterday.

Ken Livingstone said London's transport network would be so congested that new offices for more workers in the capital's expanding business and financial services community would have to be blocked.

His forecast came as international businesses threw their weight behind a campaign to intensify pressure on Tony Blair, prime minister, to agree financing for the £10bn-plus cross-London rail scheme by next year.

Companies including Standard Chartered, Deutsche Bank, British Land, British Airways, Friends Provident and Clifford Chance said the economic growth of London, and sub-

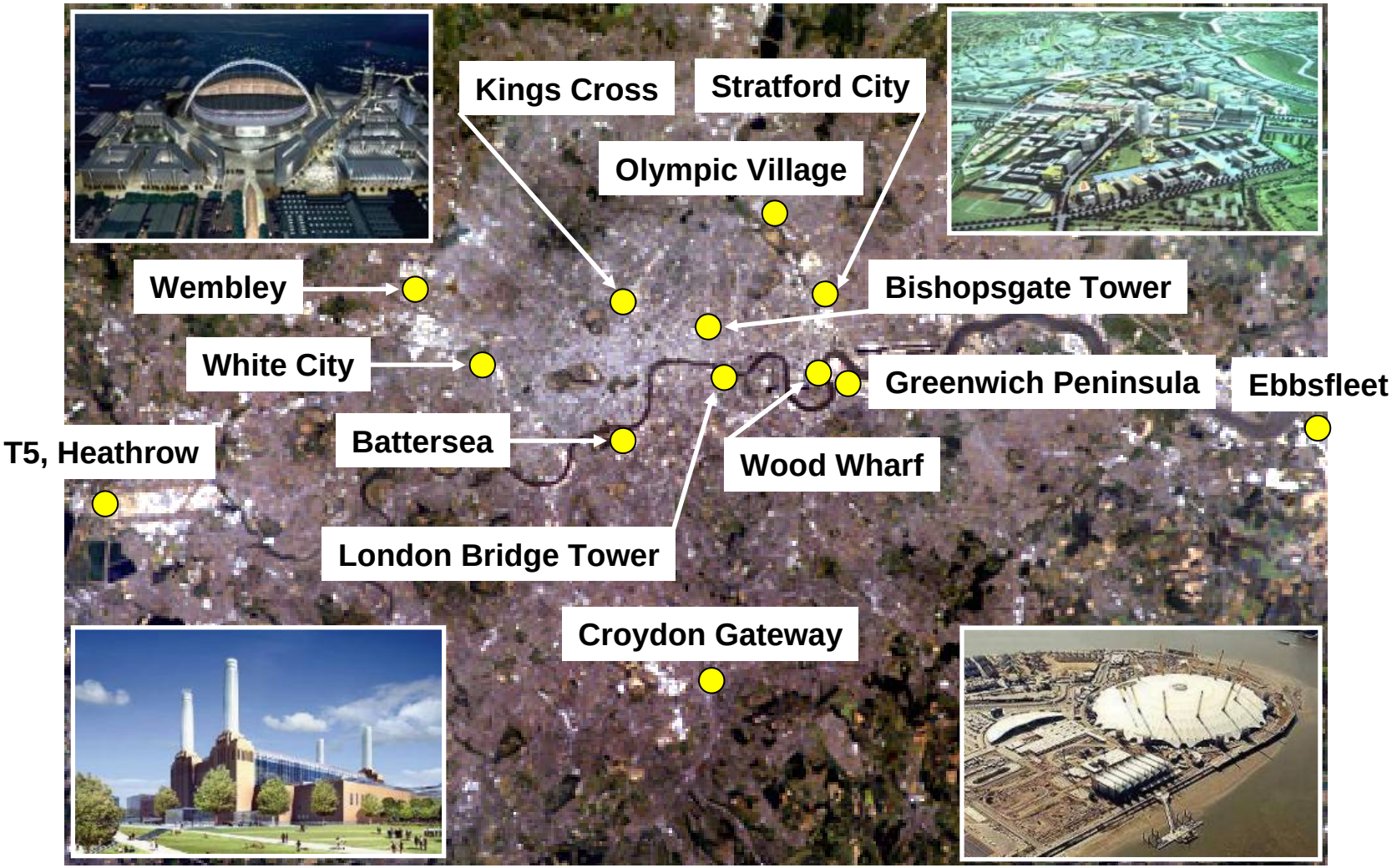
'In a global marketplace, the UK's transport infrastructure is essential to continue to attract international business'
LORD ALDINGTON
chairman, Deutsche Bank London

'Improving London's transport network is important to Standard Chartered, and Crossrail is a priority if the competitiveness of the UK's financial services industry is to be maintained'
MERVYN DAVIES
chief executive, Standard Chartered

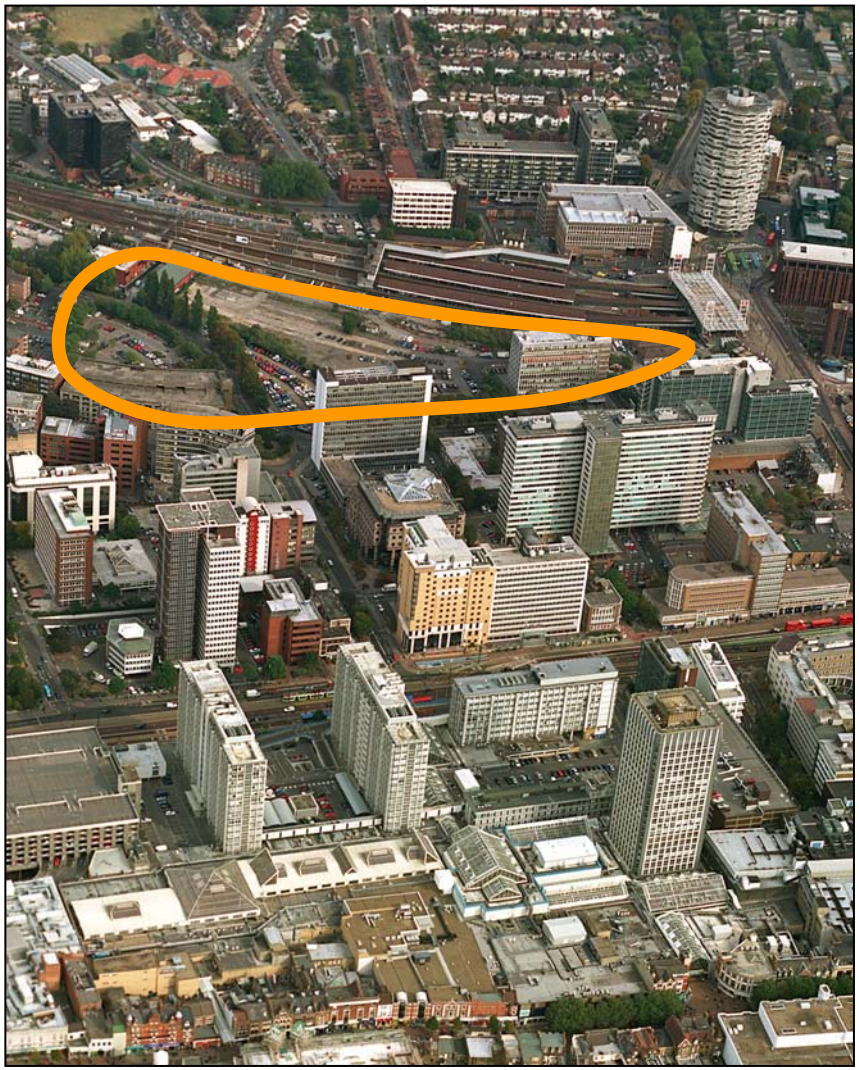
'Crossrail is important to the future of London: it needs to be up and running by the middle of the next decade to ensure the continued regeneration and development of the capital – the key motor of the UK economy'
STEPHEN HESTER
chief executive, British Land

Financial Times, 7th June

“Grande projets”



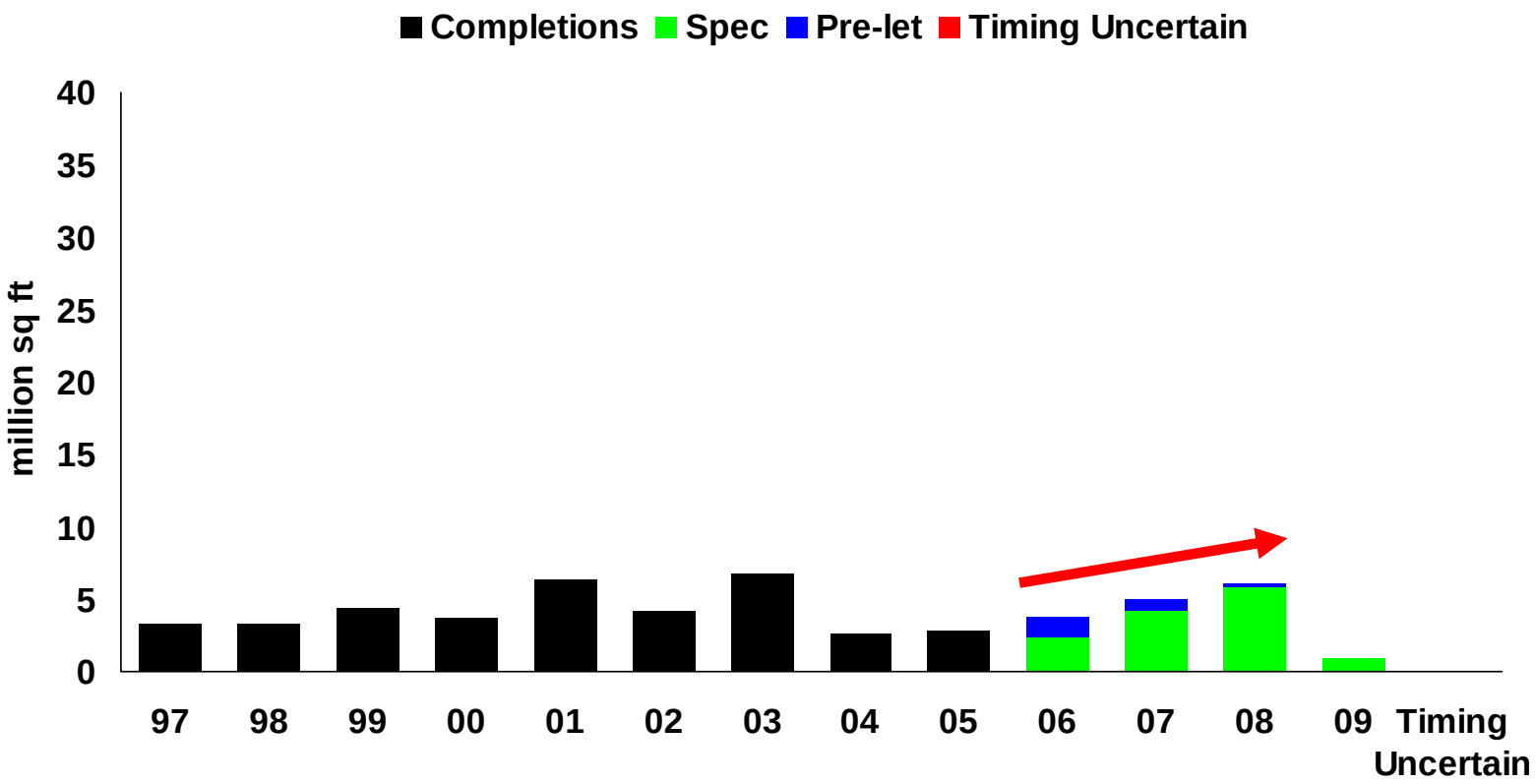
Croydon Gateway to re-price the office market





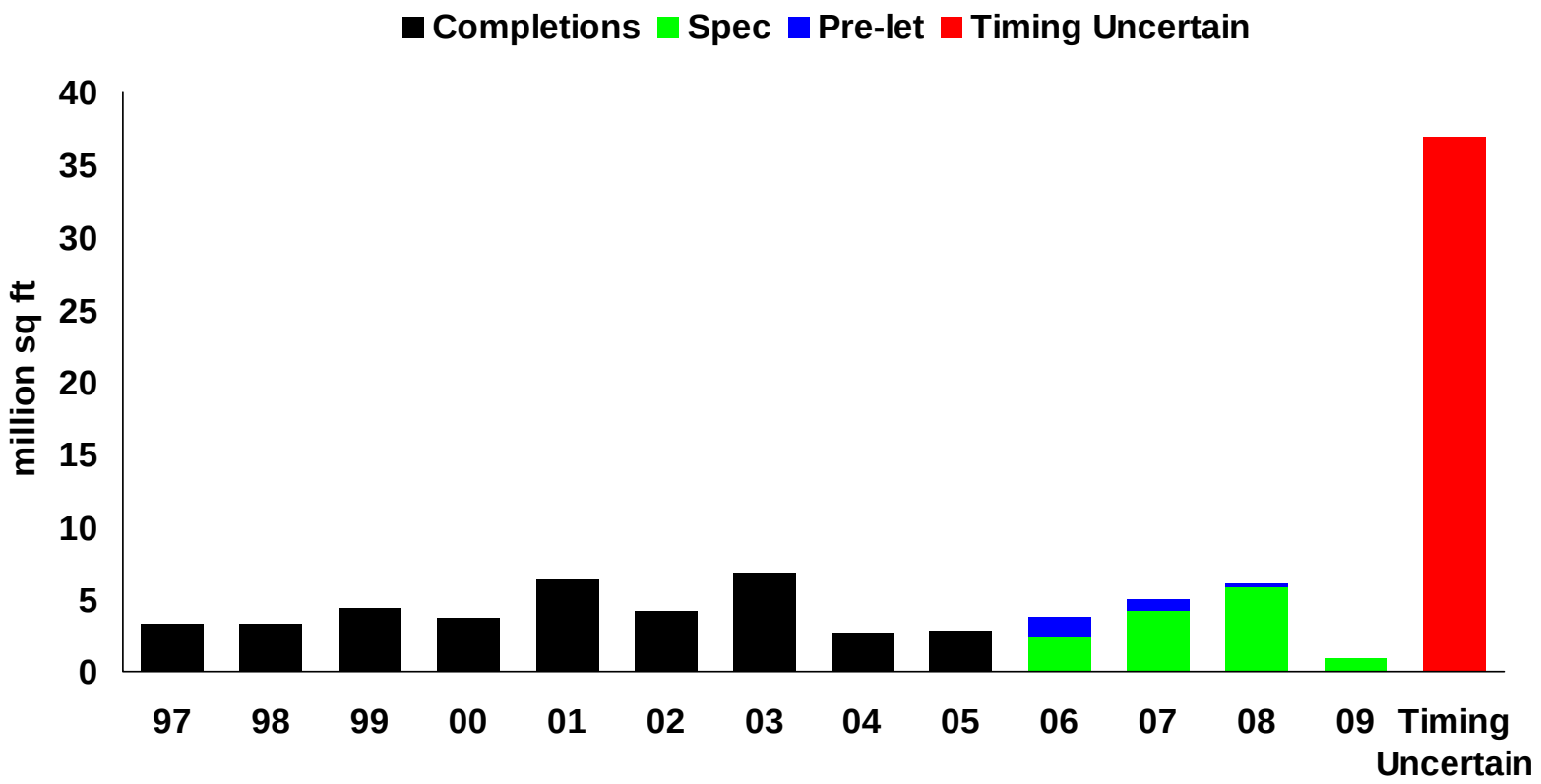
Caution…

Office completions growing steadily…



Source: Savills

…but could become a problem

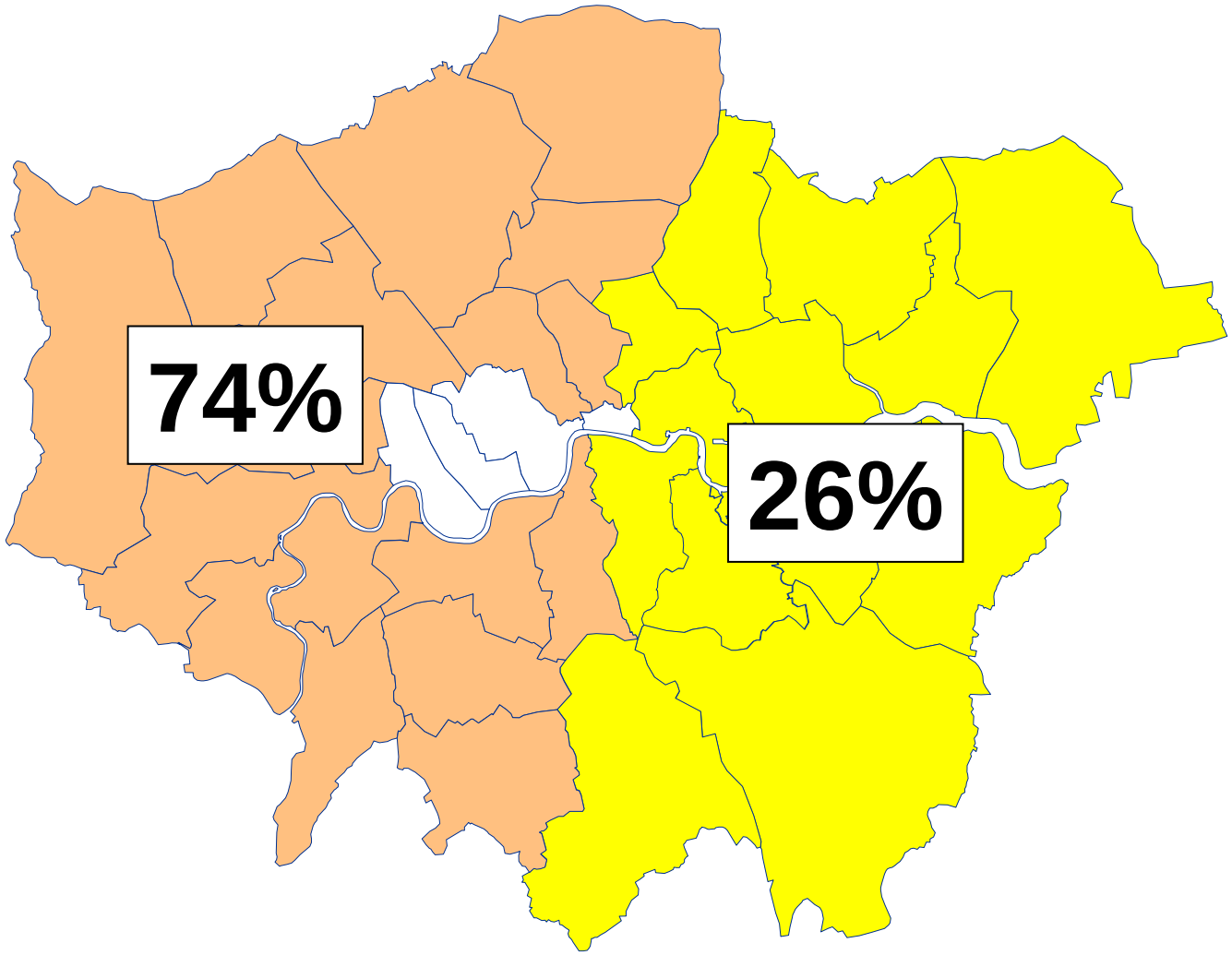


Source: Savills

Competition

- Regional
- International

Setting the scene… imbalance



Source: Savills

Burj Dubai
(www.burjdubai.com)



Retirement of Heathrow after 60 years



Heathrow lands in Kent



Minimises disruption!



Better quality!



A picture emerges…



…and the Spanish arrive



Messages

- Development prospects look very positive
- Transport improvements will drive demand…
- …Lack of improvements will drive demand away
- The property cycle will remain relevant – don’t ignore it
- Successful development will ensure ‘re-pricing’
- Accessibility for employees is driven by housing stock…

The residential market…

London in 2016 – probably not this Utopia…

- **Higher living standards**
- **Leisure time**
- **Homeworking**
- **Faster travel**
- **Convenience**
- **Education and healthcare**
- **Boundless energy resources**









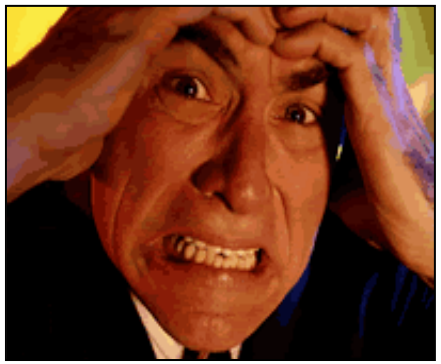
but a bit more like this….

- **Stress!**
- **Long working hours**
- **Transport congestion**
- **Social Fabric deteriorating**
- **Global warming**
- **Pension shortfall**
- **Housing affordability**
- **Smaller homes**





Carbon Footprint





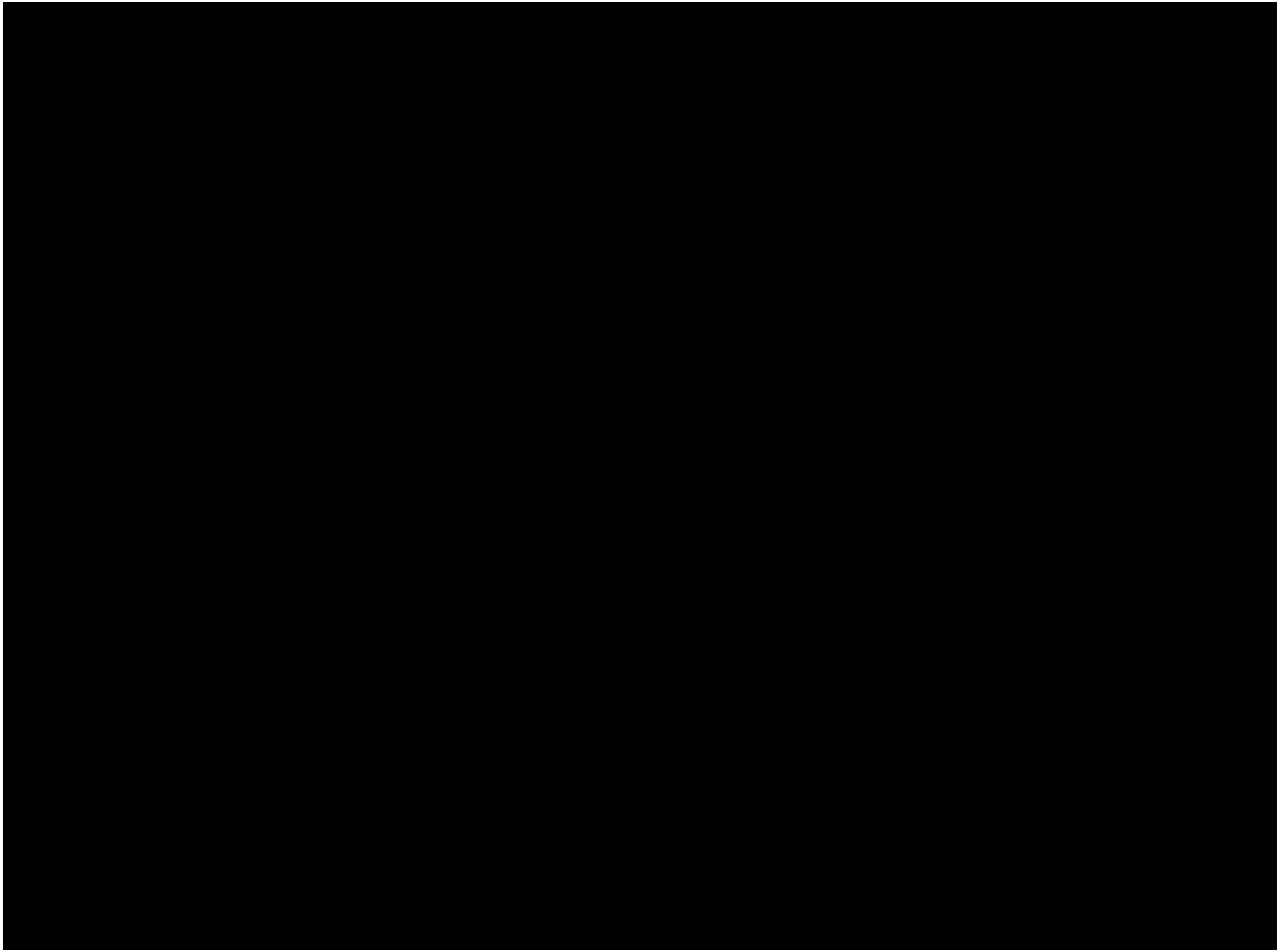
Solution for cheaper housing ?

=

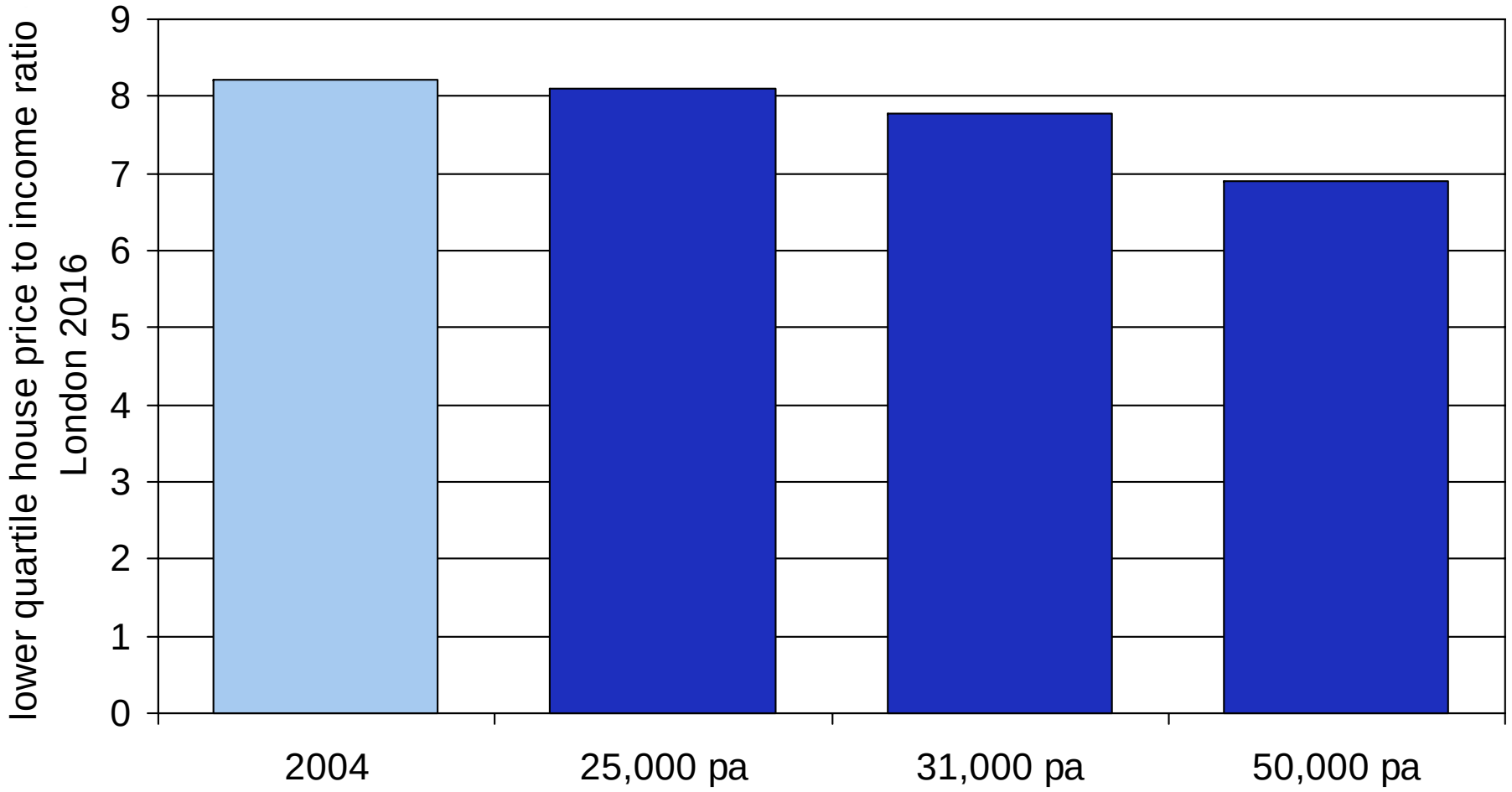


A competitive London

- More dwellings
  - High spec for international workforce
  - Affordably priced for core mid and mid/high income
  - Social housing



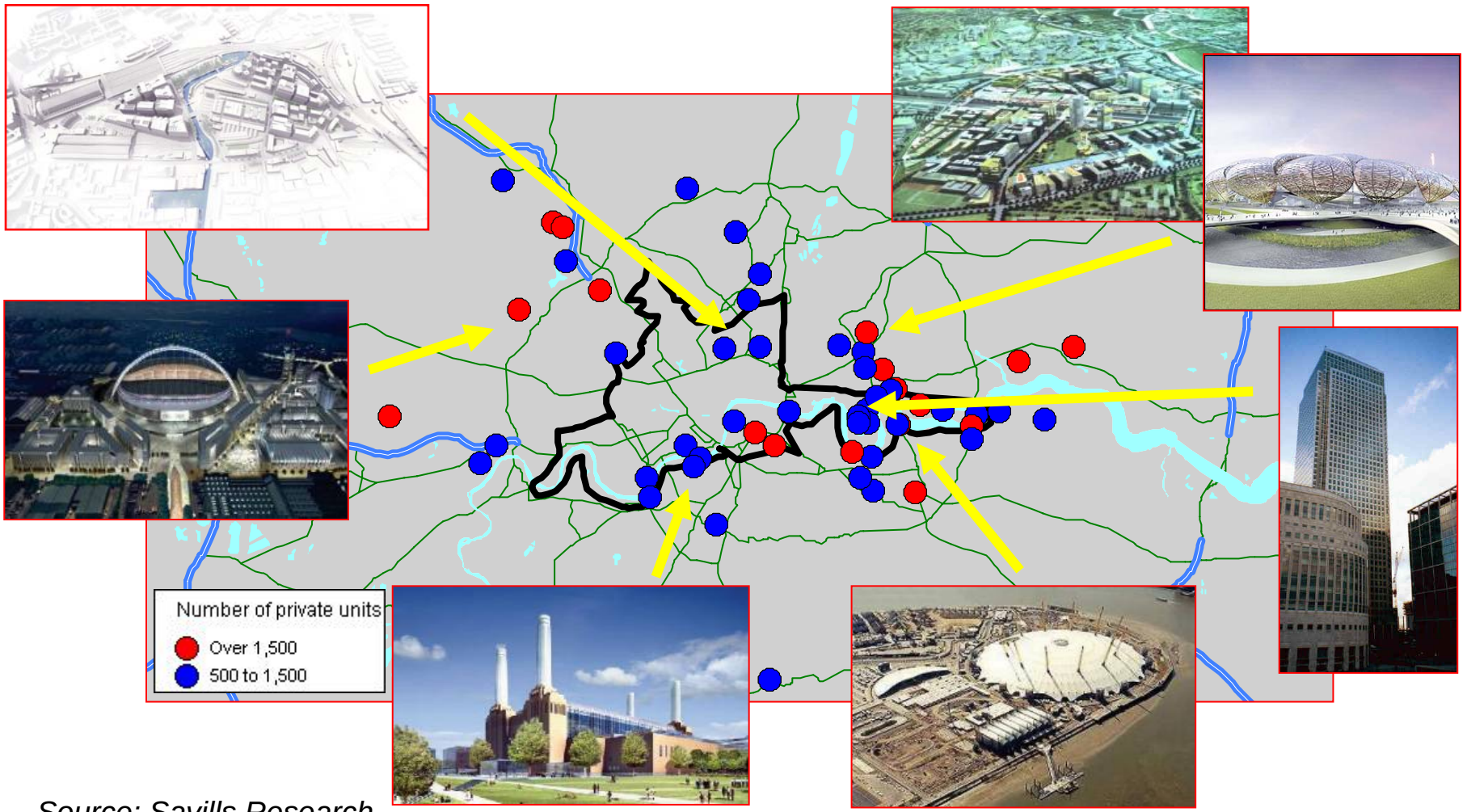
A simple numbers game will be hard to play



Source: DCLG

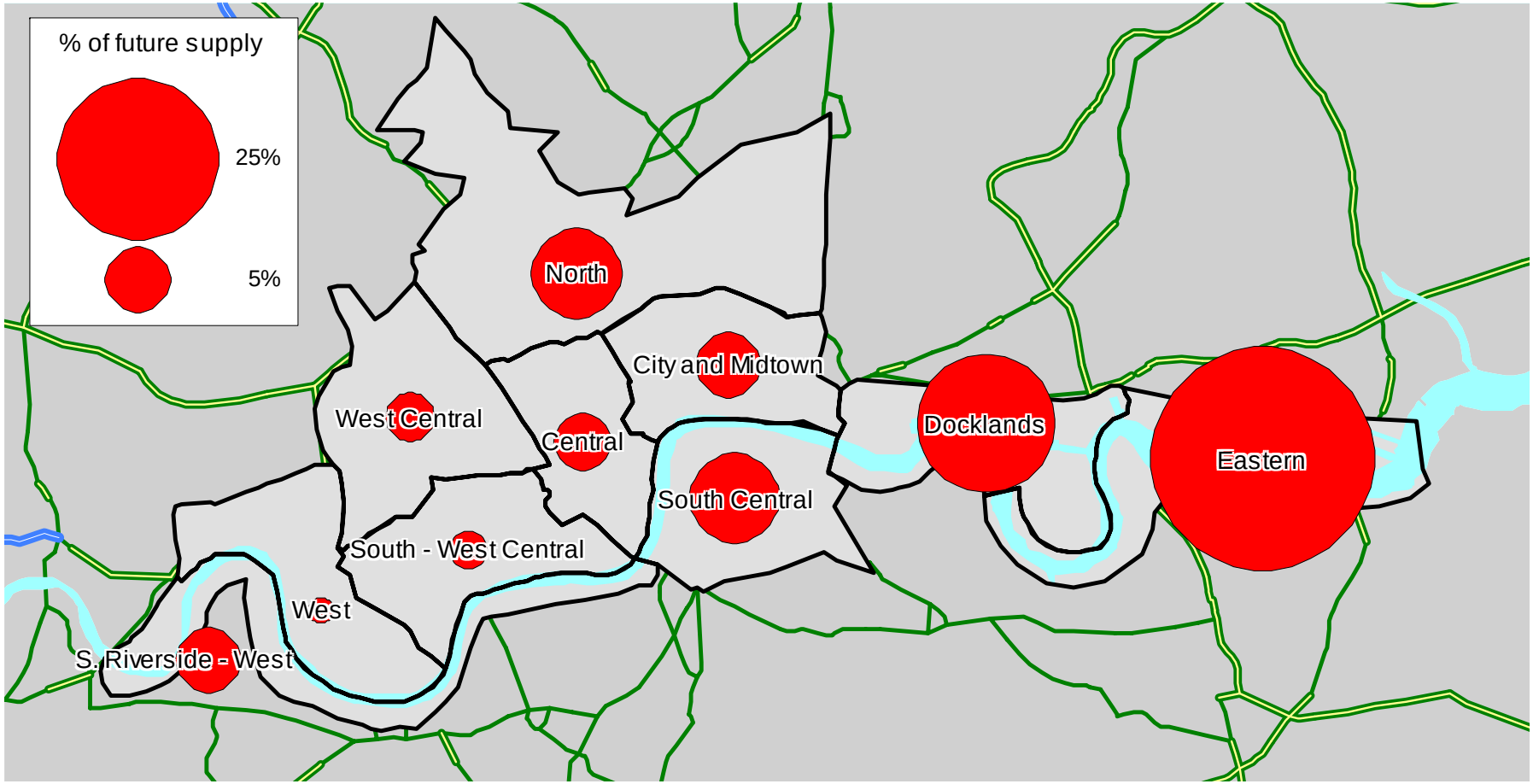
How & where?

London’s future depends on 57 sites



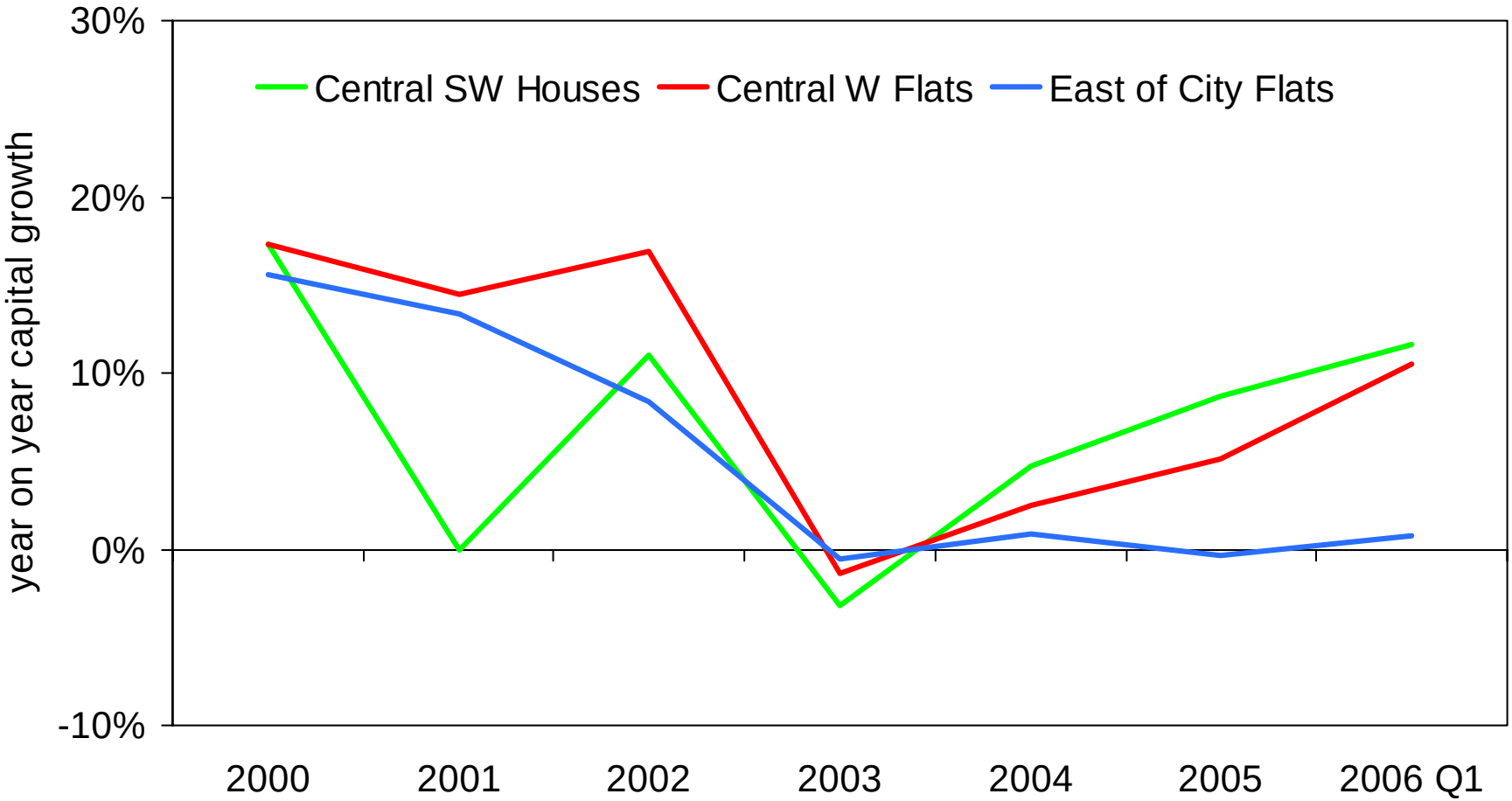
Source: Savills Research

Most of the pipeline is skewed east



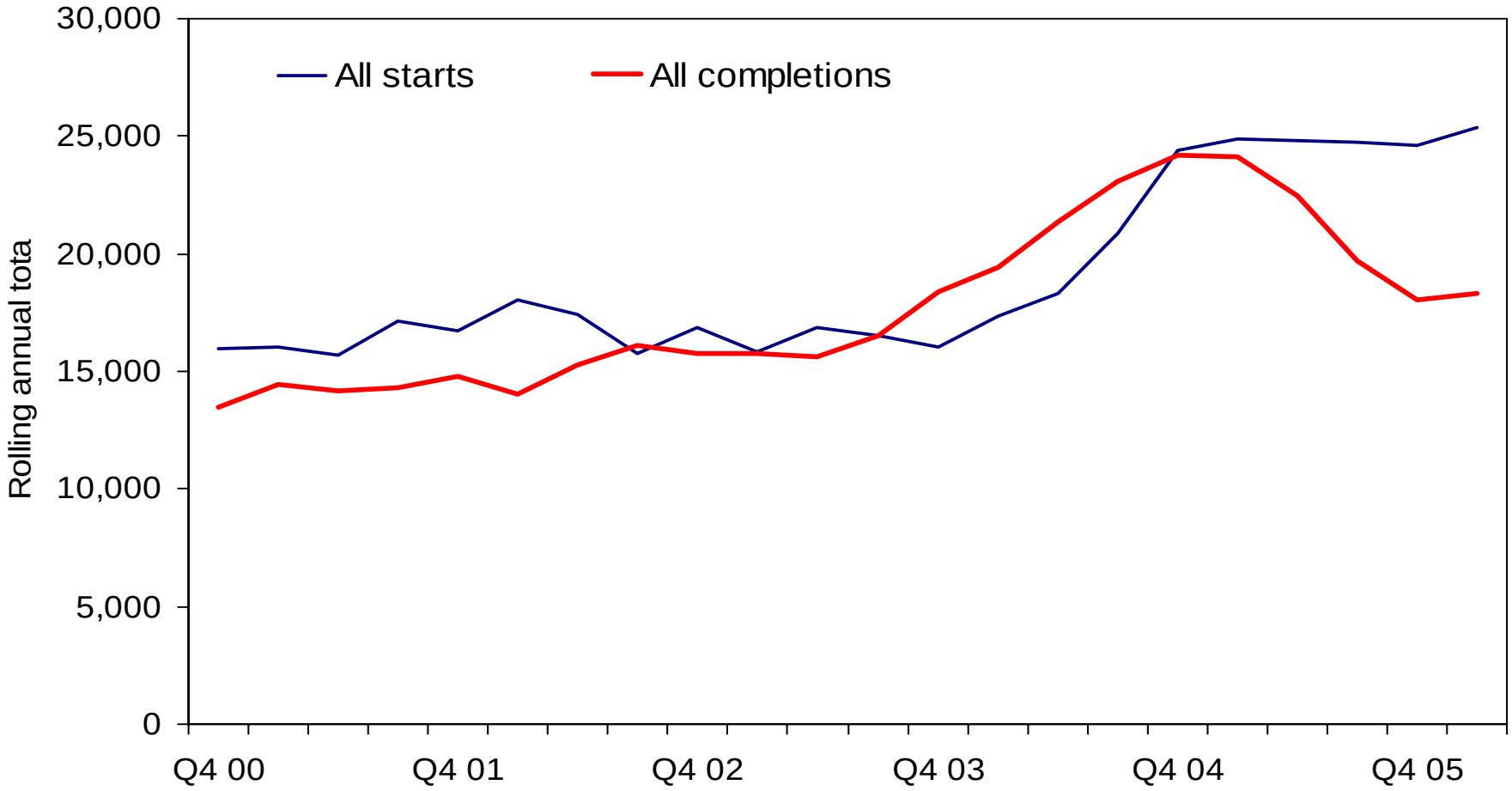
Source: Savills Research

which means little price growth

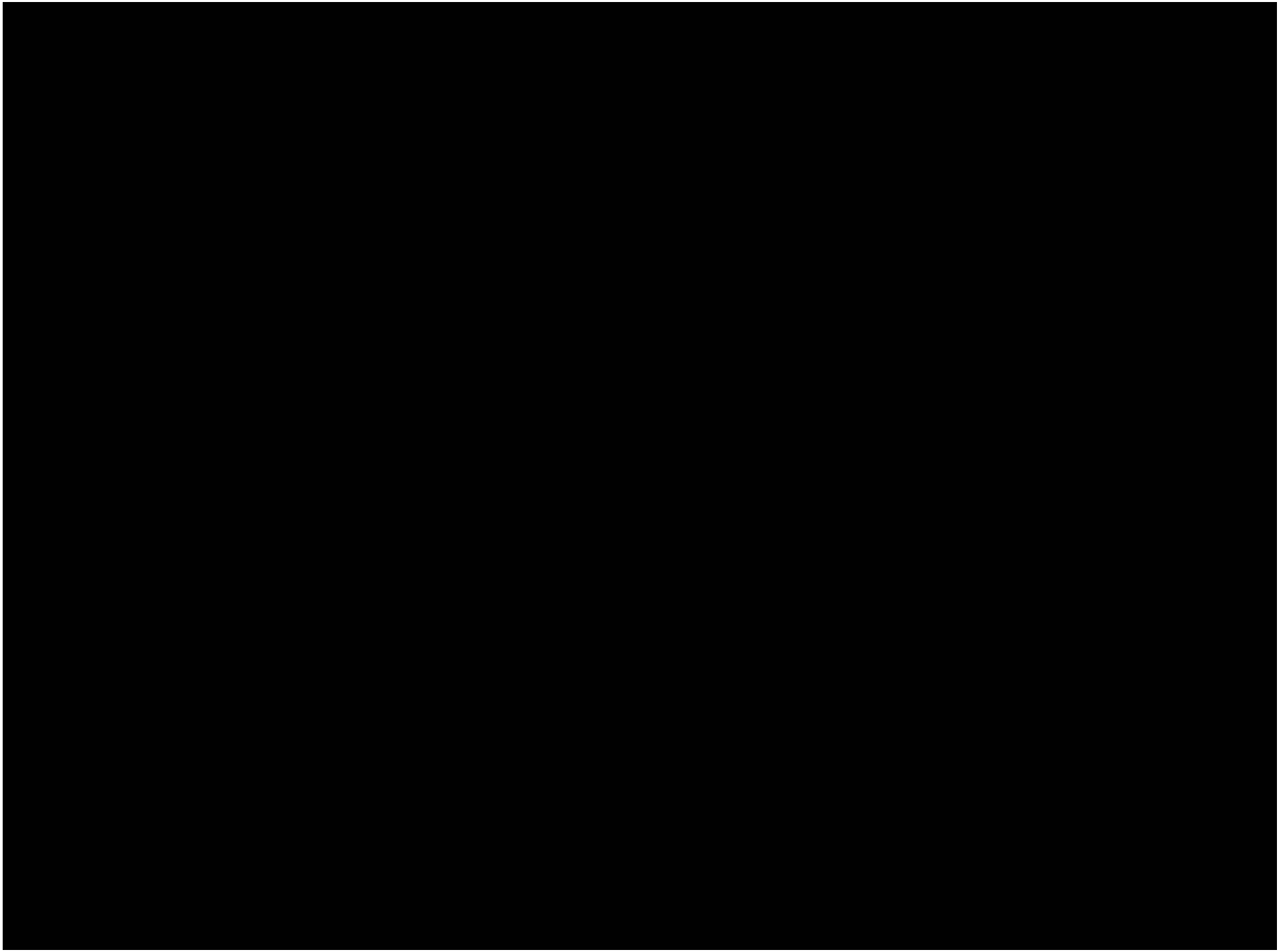


Source: Savills Research

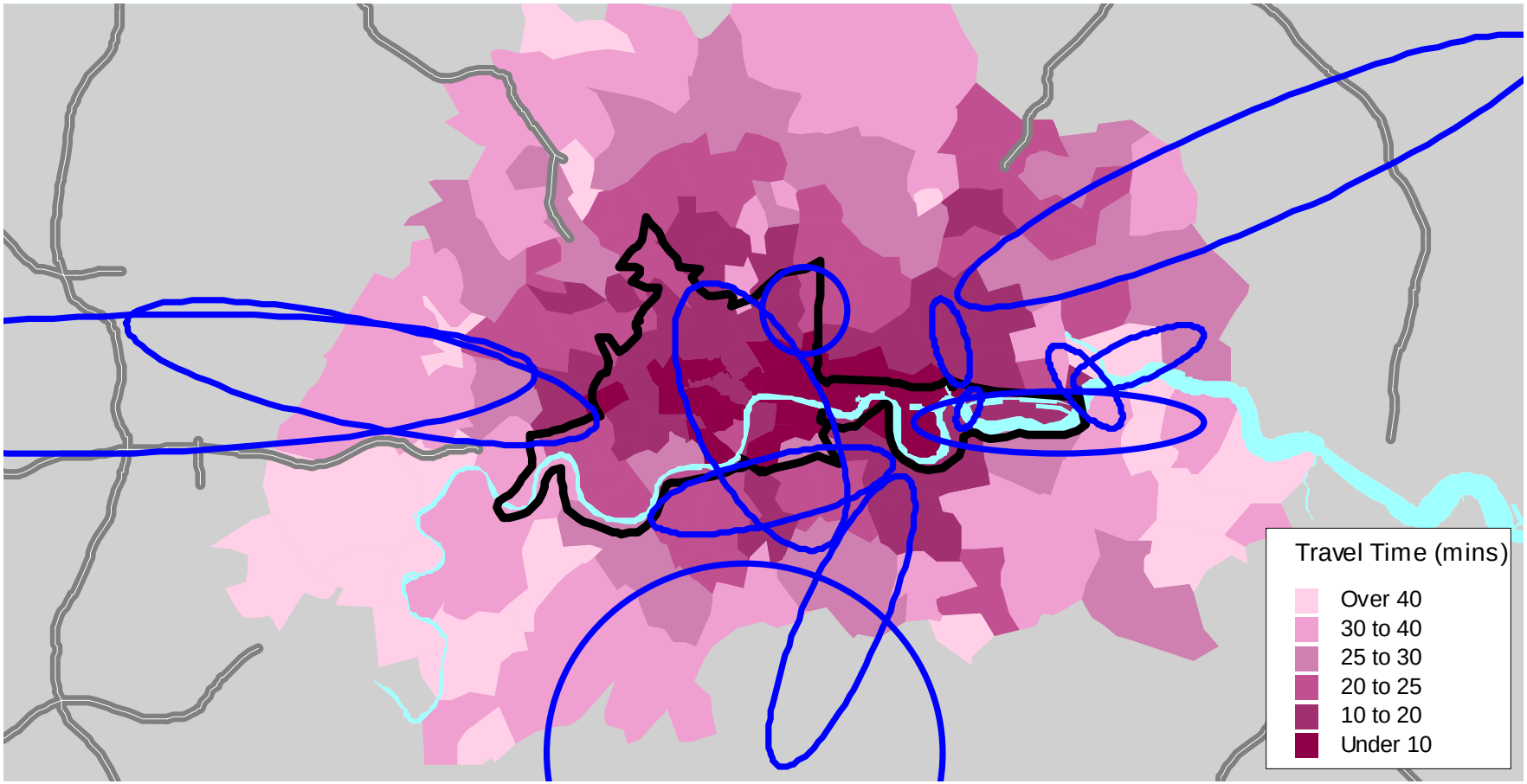
and a market ceiling to volumes



Source: DCLG



transport improvements must happen

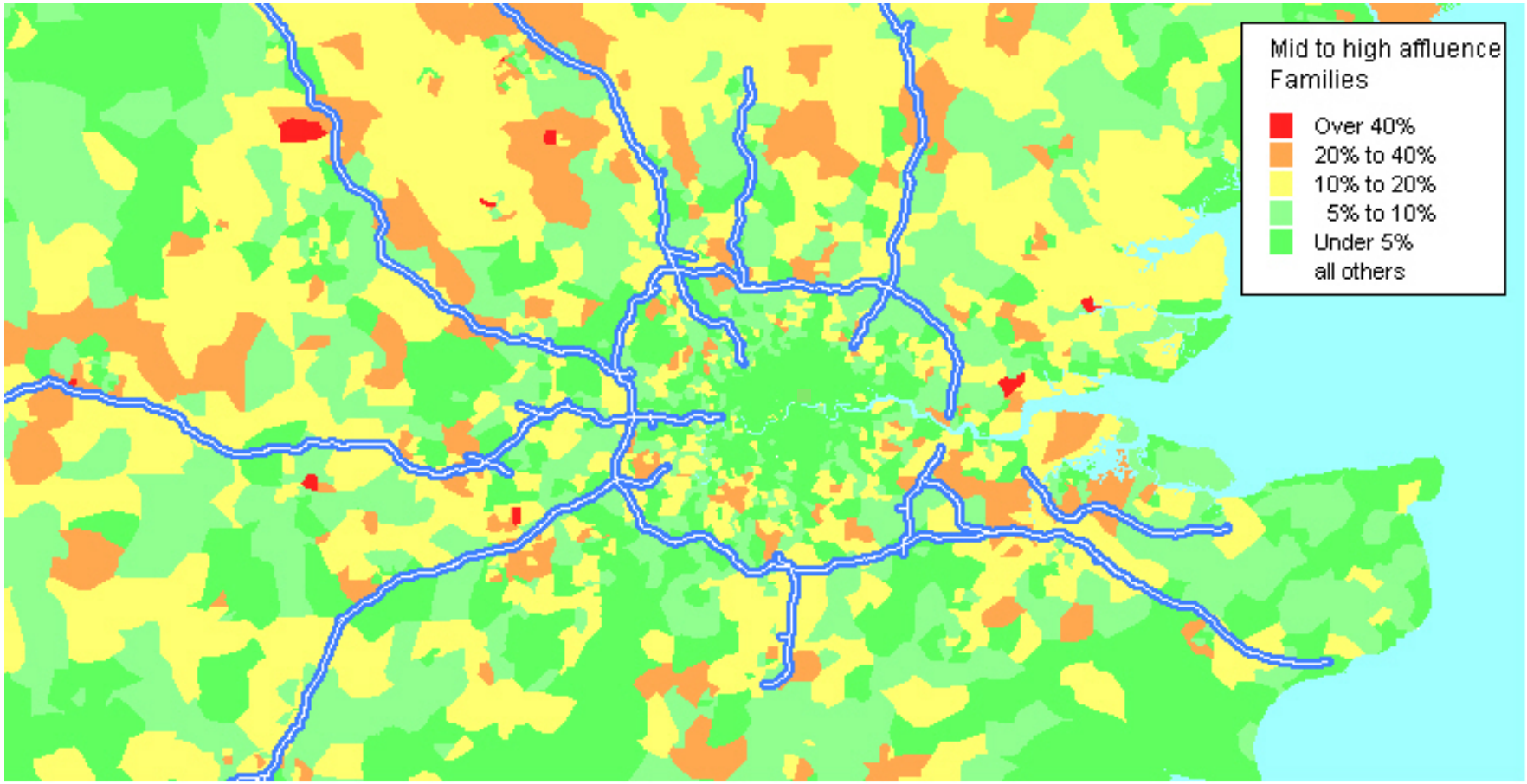


Source: Savills Research

Messages

- London needs more dwellings at ALL price levels
- Volumes will hit a market ceiling
- Ceiling down
  - Low house price growth
  - Costs/ s.106/ PGS
  - Commercial land value
- Ceiling up
  - Quality design, mix of use, branding
  - Transport & infrastructure

Get it wrong - & we'll all be off to Milton Keynes!



Source: Savills Research