

A Vision for **Park Royal City**

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Prepared for:

London Borough of Hammersmith & Fulham

Contents:

A Vision for Park Royal International

Farrells

Transport Strategy

Jonathan Roberts Consulting

SKM Colin Buchanan

Economic Benefits/Transport Economics

SKM Colin Buchanan

CBRE

FARRELLS



A Vision for Park Royal City

The aim and purpose of this report is to explore the wider potential of the proposed Crossrail and High Speed 2 stations at Old Oak Common, and to look at the economic benefits that could ensue from their co-location.

Through some very preliminary master planning work, we have established land availability for intensification through regeneration and development, and in parallel we have looked at overall transportation connectivity to further improve the benefits of accessibility of this location. We have also taken into consideration the wider areas beyond the borough boundaries of Hammersmith and Fulham and beyond Old Oak Common, particularly to the 3 adjacent boroughs of Brent, Ealing and Kensington & Chelsea.

The big picture that has emerged is that due to the transformed accessibility through radically improved transportation links that would ensue at this location we have no doubt at all that there would be very substantial economic benefits indeed for West London, for metropolitan London and indeed for the entire UK.

If this full potential were to be exploited and realised for development here it would not be unrealistic to expect and plan for there being a major new centre here in west London that could potentially exceed anything that is planned anywhere in London at the moment or indeed in the South East - it is our view that this could be a new and regenerated area of city-making scale – one we have all named *Park Royal City International* as a working title and indicator of potential.

Land values invariably result from high levels of accessibility and the ability to regenerate and expand property development adjacent to this accessibility.

In this work, we have therefore looked at two parallel strands. Firstly, the connectivity that the plans between stations provide and the improvements to road and rail and other transportation infrastructure that could be made and secondly the land availability here and in the wider areas adjacent.

With strong transport and economic experience within our team, we have developed what might loosely be called a vision, setting out possibilities for regeneration and development not only in quantum terms but also in use from residential to commercial and indeed to all the

full range that will make up a complete place with its attendant employment, cultural and social infrastructure. Connectivity outwards from the train stations will include connectivity to existing metropolitan surface railways and tube lines - including the West London line, the North London line, the Central line and the Bakerloo line, as well as the major national railway routes of the West Coast Main Line immediately to the north, to Crossrail and the Great Western Main Line immediately to the south.

We have suggested road infrastructure improvements, as well as two intersecting rapid transit (light rail or tram or PRT) lines, one running north-south from Harlesden down to White City and the other east-west from Kensal/Ladbroke Grove in the east and to Park Royal at its western end.

The effect of these will be to give access from the transport 'super hub' to the surrounding sometimes deprived, sometimes economically active areas and to respond to the considerably increased density expected here of the living and working population, providing an appropriate level of sustainable local transport commensurate with the potential population and scale of development.

The Old Oak Common site itself is in two parts - to the south of the canal, in an area of some 30 hectares, there are the two new major stations, but around and between and over parts of the station there is land enough that is able to justify and support large scale development. To the north of the canal is an area of non-railway industrial low value land of some 35 hectares extending to Willesden and the land around Willesden Junction. (This is, in fact, equivalent in size to the land currently subject to planning application at Earl's Court where upwards of 8,500 homes and two million square feet of commercial development are proposed.)

Other land capable of being intensified and regenerated because of the transformed transportation accessibility includes, to the west the existing Park Royal business and industrial park, to the southwest the area known in Ealing as the Southern Gateway, the land immediately south of Wormwood Scrubs leading to White City, and to the east, the area of the gas works and supermarket immediately adjacent to Kensal Grove. All in all, these lands extend to almost 600 hectares - an area larger than the Royal Docks - and of a scale to make this opportunity of a size order equal to Stratford and Canary Wharf.

It is an assumption of our work that Park Royal City International is not a Canary Wharf high rise financial district or a Croydon style secondary office area. But it is a new urban district based upon its considerable benefits of accessibility to airports, provincial cities and to all parts of metropolitan London where, for instance, 90% of all tube and rail stations are accessible given only one station change en route.

Building on the existing success of Park Royal, we would anticipate industrial and business space that could be truly regenerated to become a 21st century model of its kind for the UK and would increase UK's competitiveness in the face of the very challenging century ahead. It could well have in addition to extensive business parks, industrial, warehousing and associated commercial development, technical university links, business schools, industrial training centres as well as specialist conferencing and industry trade fair and exhibition areas, hotels, residential accommodation including for training schools and for visiting business people – what others have called a 'flow city'.

At the centre of this new city, at Old Oak 'Central', we have suggested business and office areas around the stations as well as supporting retail, cultural and other facilities - to the north of the canal there could well be a high community value in terms of new green squares and canalside parklands, alongside a substantial number of new homes - overall we believe that roundly 10,000 new homes could be built, and 40,000 new jobs generated at Old Oak Central alone.

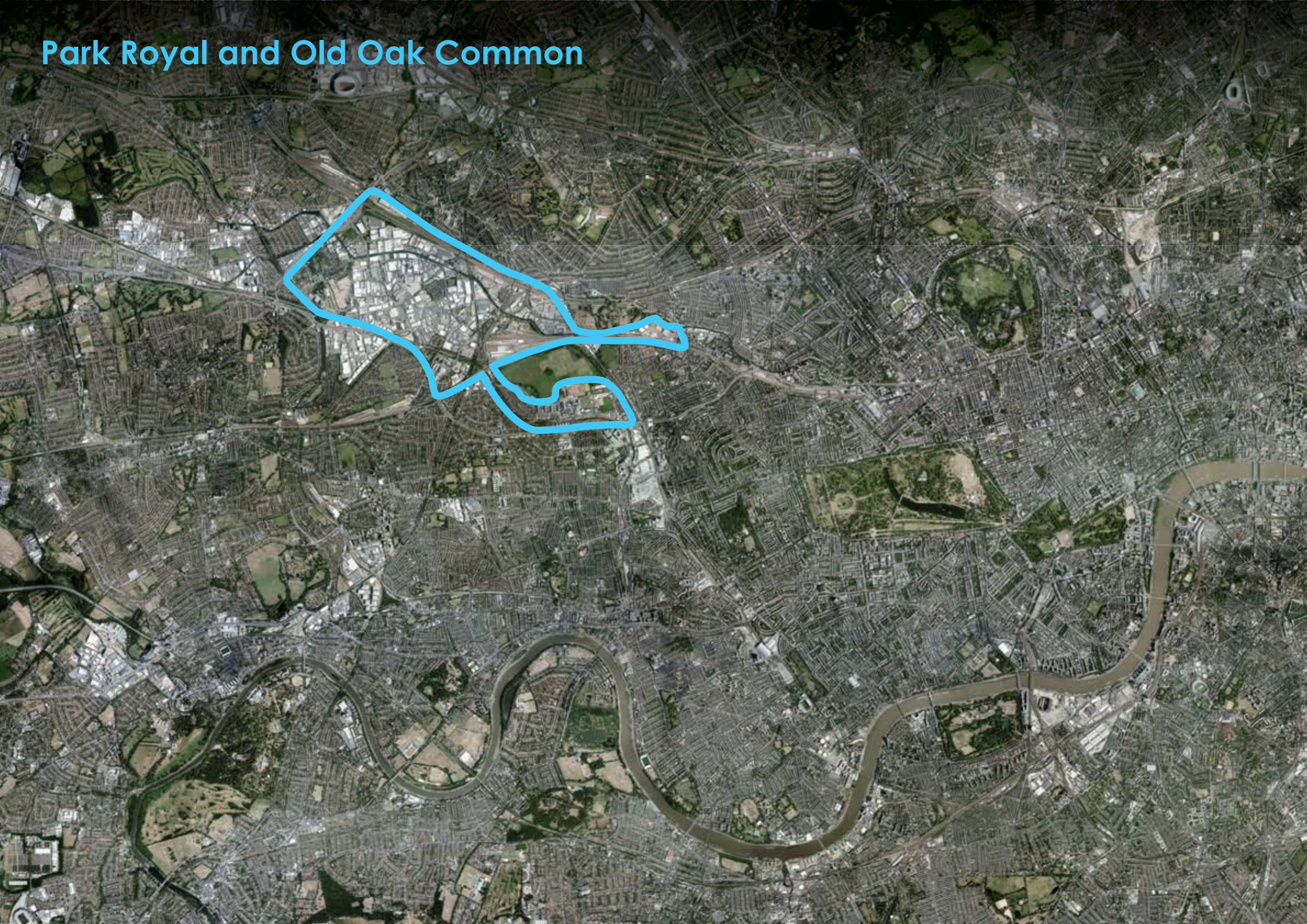
Our conclusion is that a transport super hub of national and indeed European scale and importance could readily be realised here, centred at Old Oak Common, and around it there could be developed - with positive planning - a major new metropolitan urban development that could rightly be called *Park Royal City International*.



A handwritten signature in black ink, appearing to read 'Terry Farrell'.

Sir Terry Farrell CBE

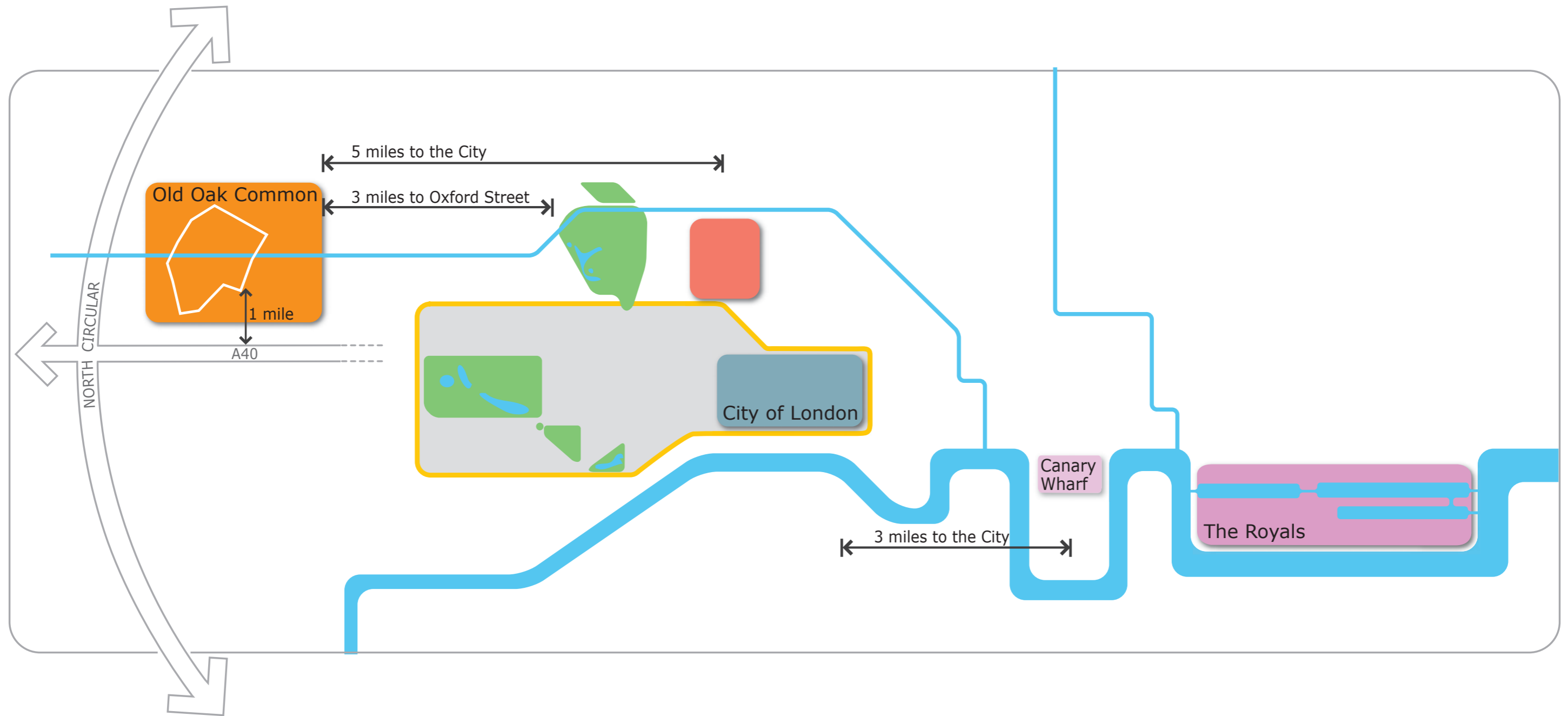
Park Royal and Old Oak Common



Recognise the locational advantages of Old Oak Common

Old Oak Common is one of London's biggest and best-placed opportunities

Together with Park Royal, it's bigger than the Royal Docks ...

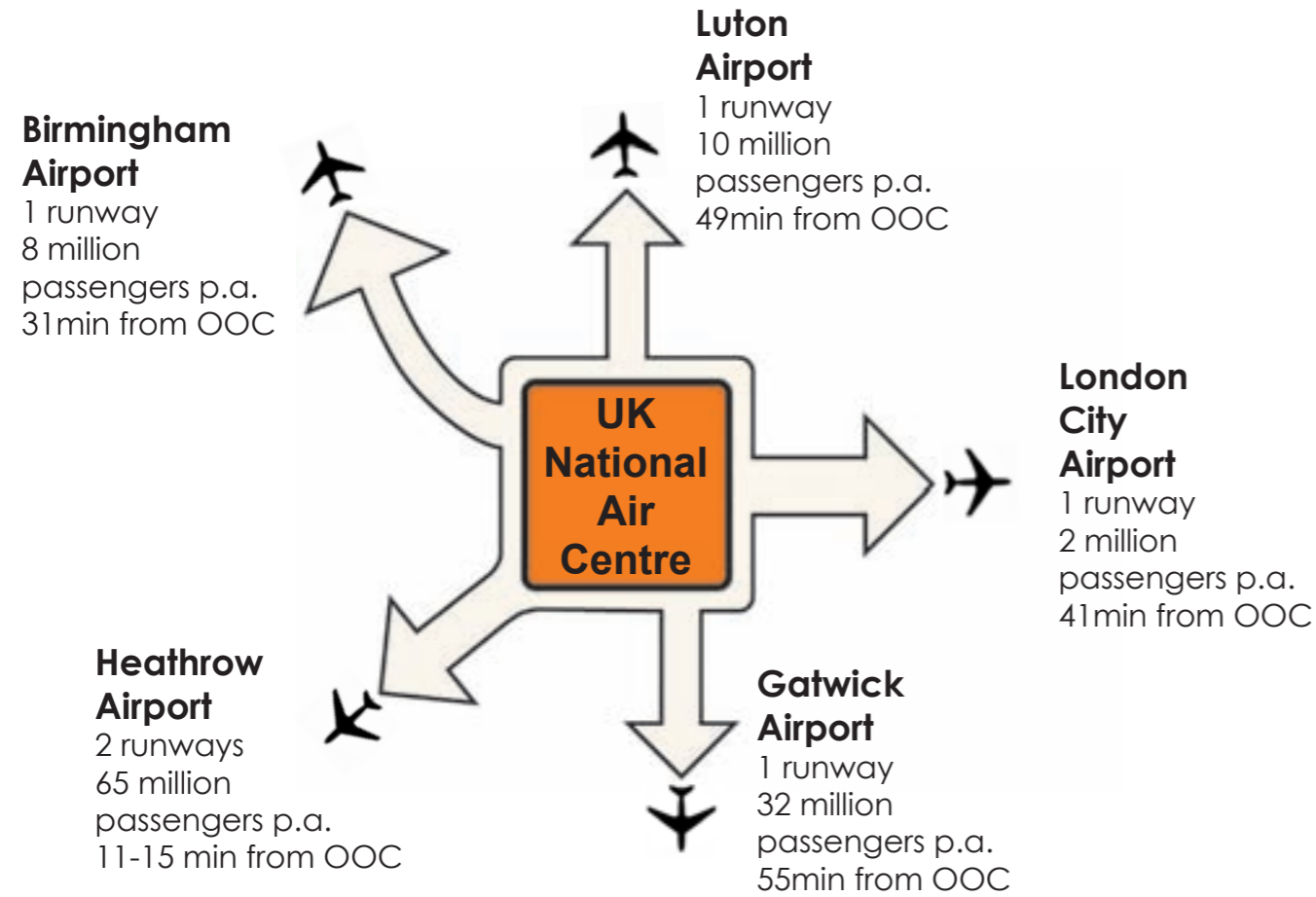


but it's closer to central London, 3 miles to Oxford Street and 5 Miles to The City

and on the West side of London, as is the rest of the UK

A UK and European Transport Super Hub

1. International Airport Connections

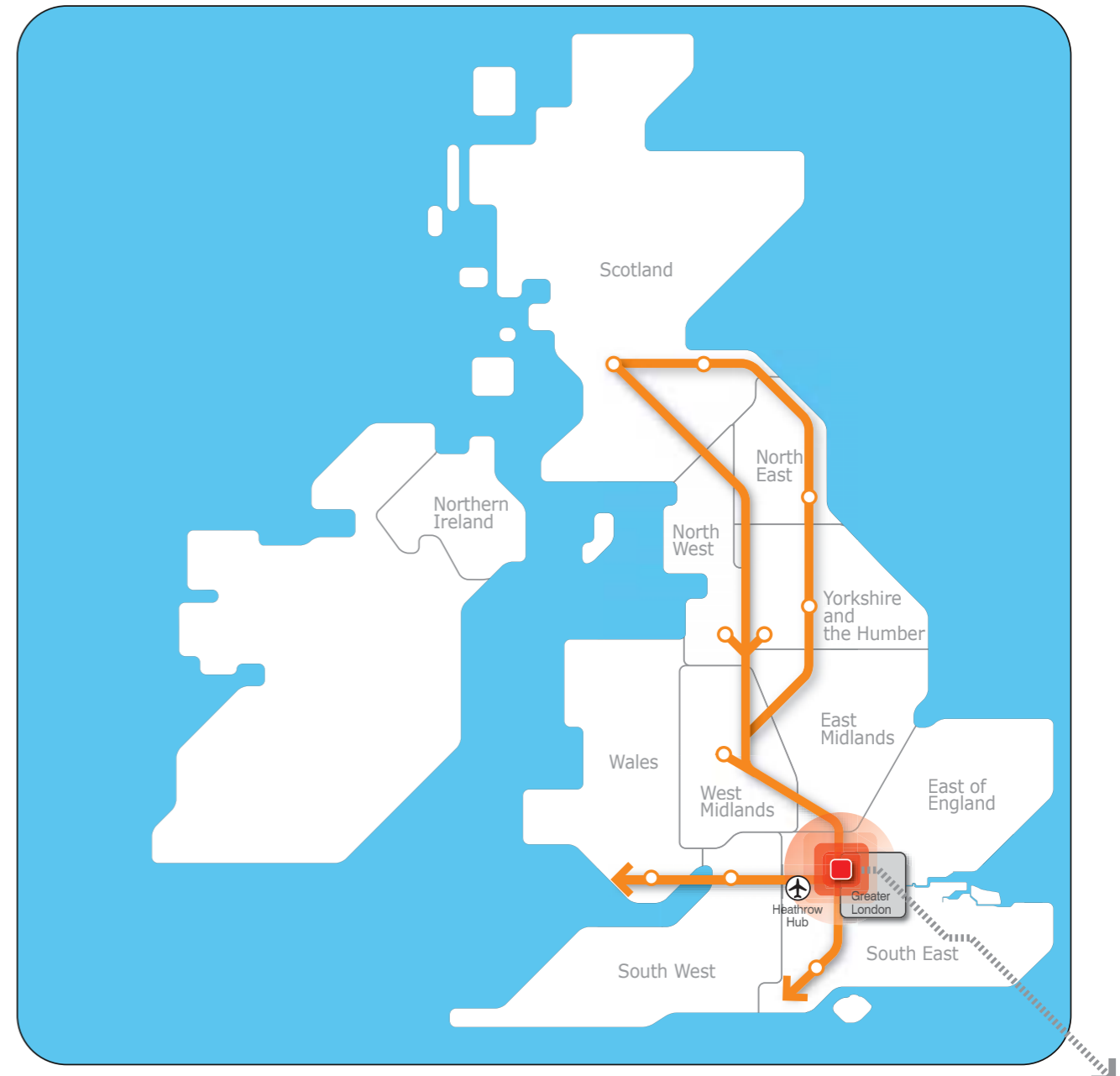
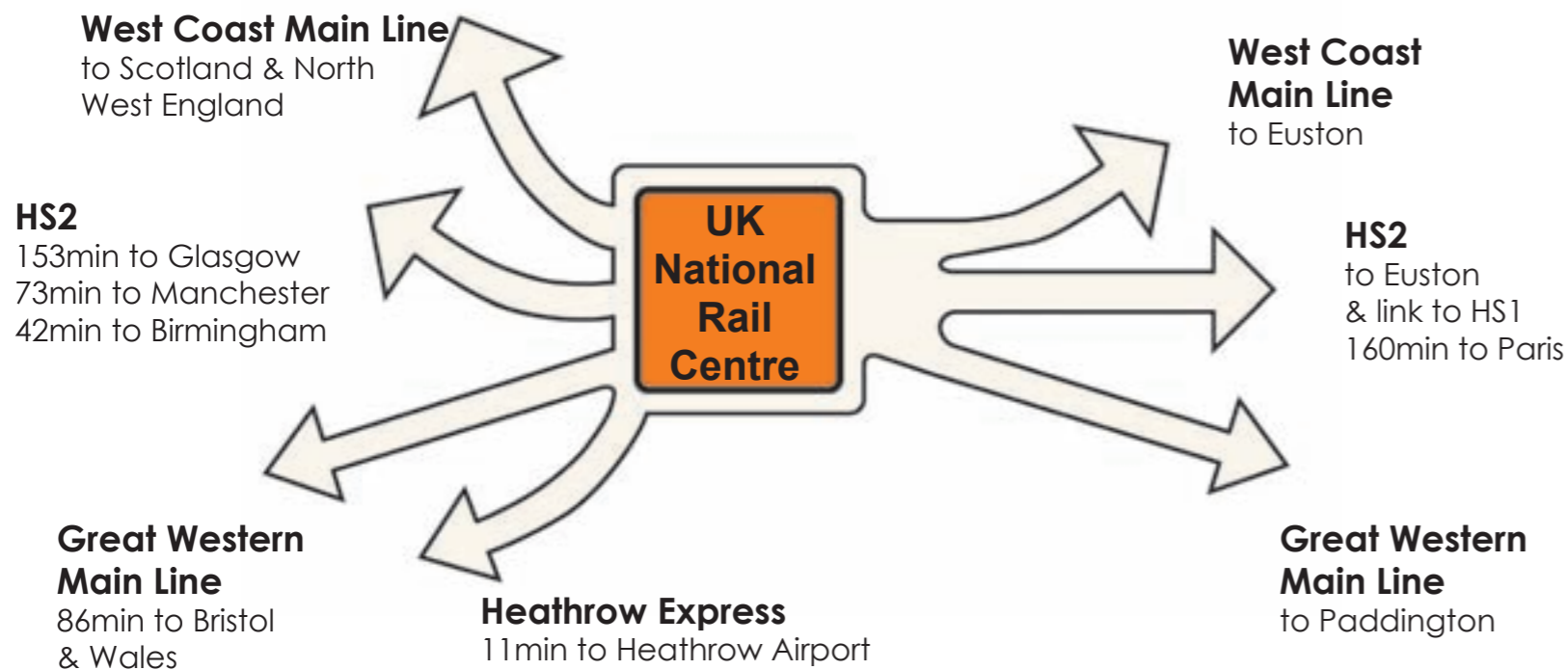


- This Super Hub could connect 4 of London's 5 airports.

- Providing a linked airport and handling almost:

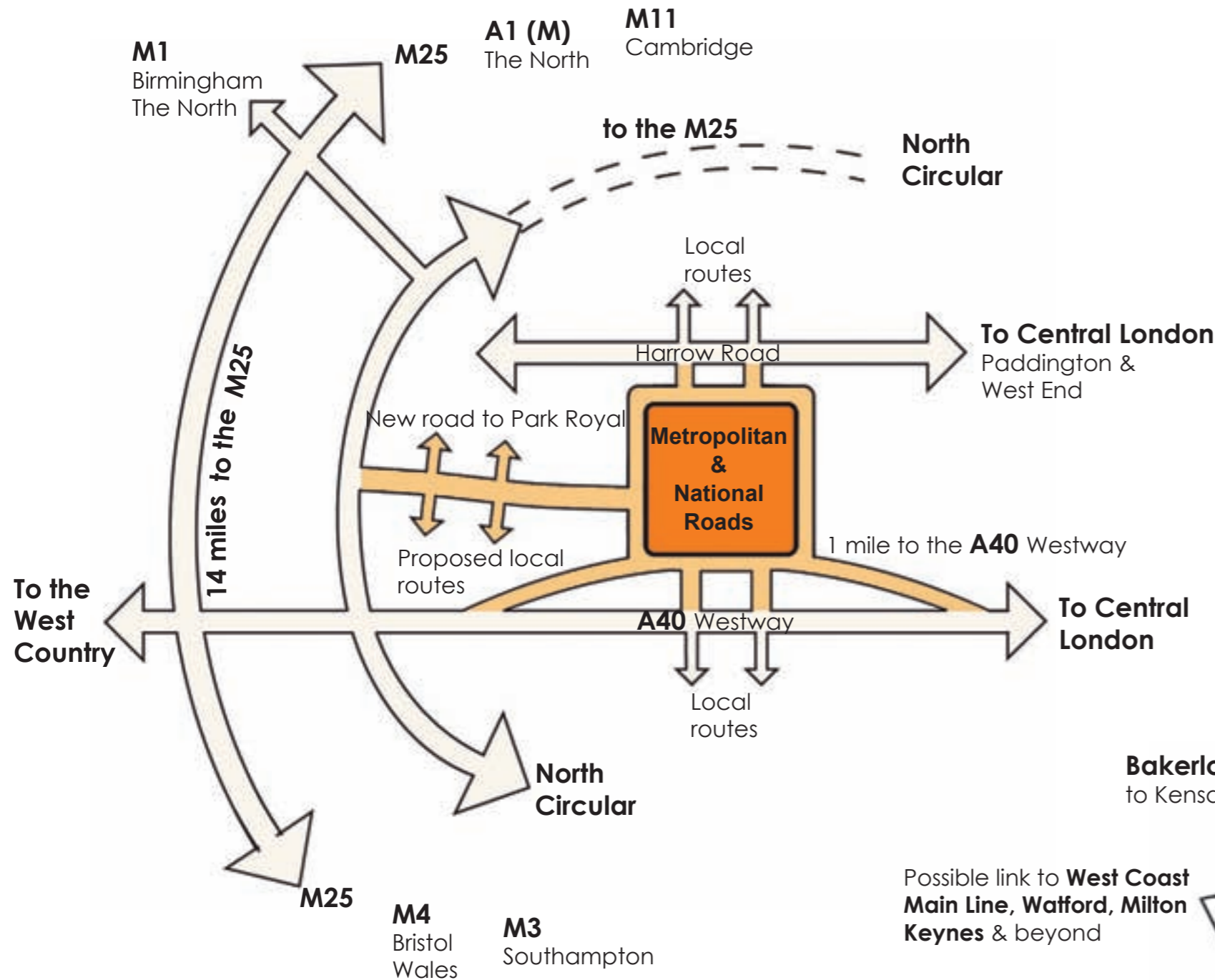
- 120m passengers a year,
- with 6 runways,
- accessing 90 countries

2. National and International Rail



3. National Rail

... with unrivalled metropolitan connectivity

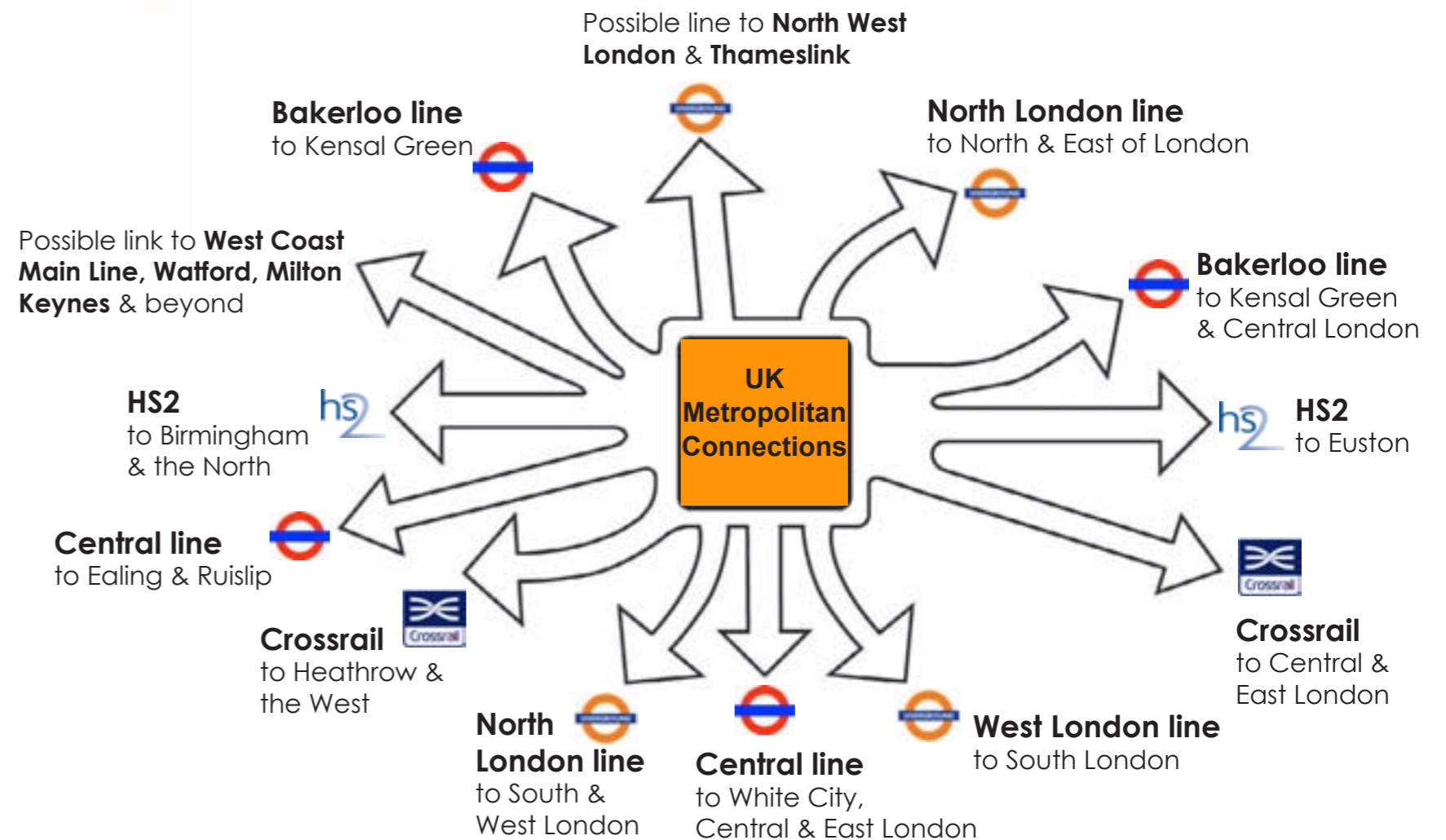


4. Metropolitan Roads

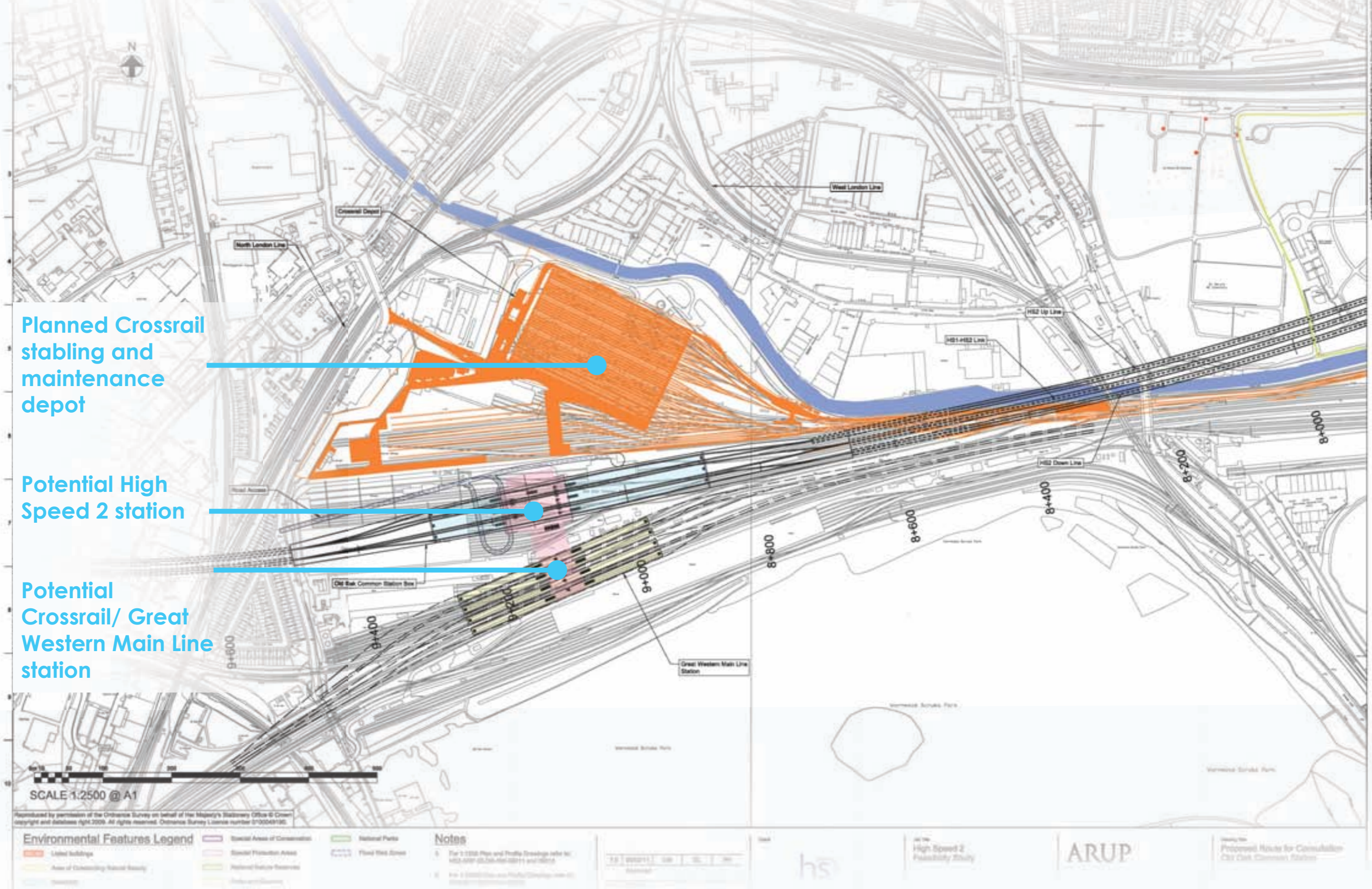
- Almost 10% of London's places of work are within 20 minutes by road
- Almost 45% are within 45 minutes

- 90% of London's rail stations within direct access or 1 change from Old Oak Common

5. Metropolitan Rail and Tube



The starting point: the current plans



The current railway engineering plan - a super hub almost independent of its surroundings

... and the current Vision for Old Oak Common



An engineered arrangement of platforms and sheds constitutes the existing vision

This is our Vision: for Park Royal City



Park Royal

Old Oak Central

Kensal

... and for Old Oak Central, the UK's transport Super Hub



Park Royal

Old Oak Central

Kensal



← Connection to Willesden Junction

Road Transport Interchange

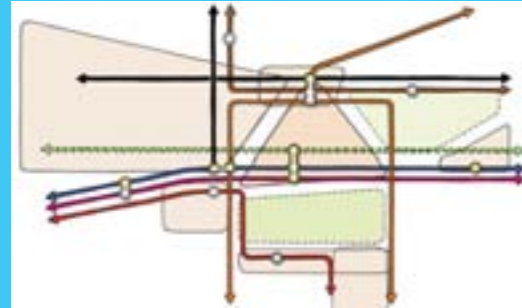


High Speed 2

Crossrail/ Great Western Main Line

Rapid Transit & Highway

The components that drive the Vision for Park Royal City



There is a massive amount of vacant or under utilised but **developable land here**: –

- over **40 hectares** at Old Oak Common, with
- a further **500 + hectares** at Park Royal and the surrounding areas
- all just **3 miles** from central London



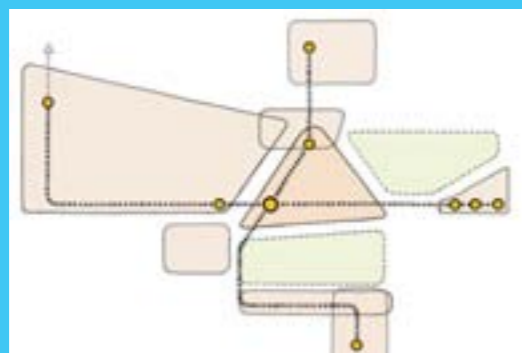
With a **Crossrail** station, Old Oak Common could become one of the best connected places in Britain and the metropolis

With the **High Speed 2 station**, this place is transformed into Britain's **transport super hub**, internationally, nationally, and for London and the South East



It already has the **green backbone** of the Grand Union Canal, and the green lung of Wormwood Scrubs

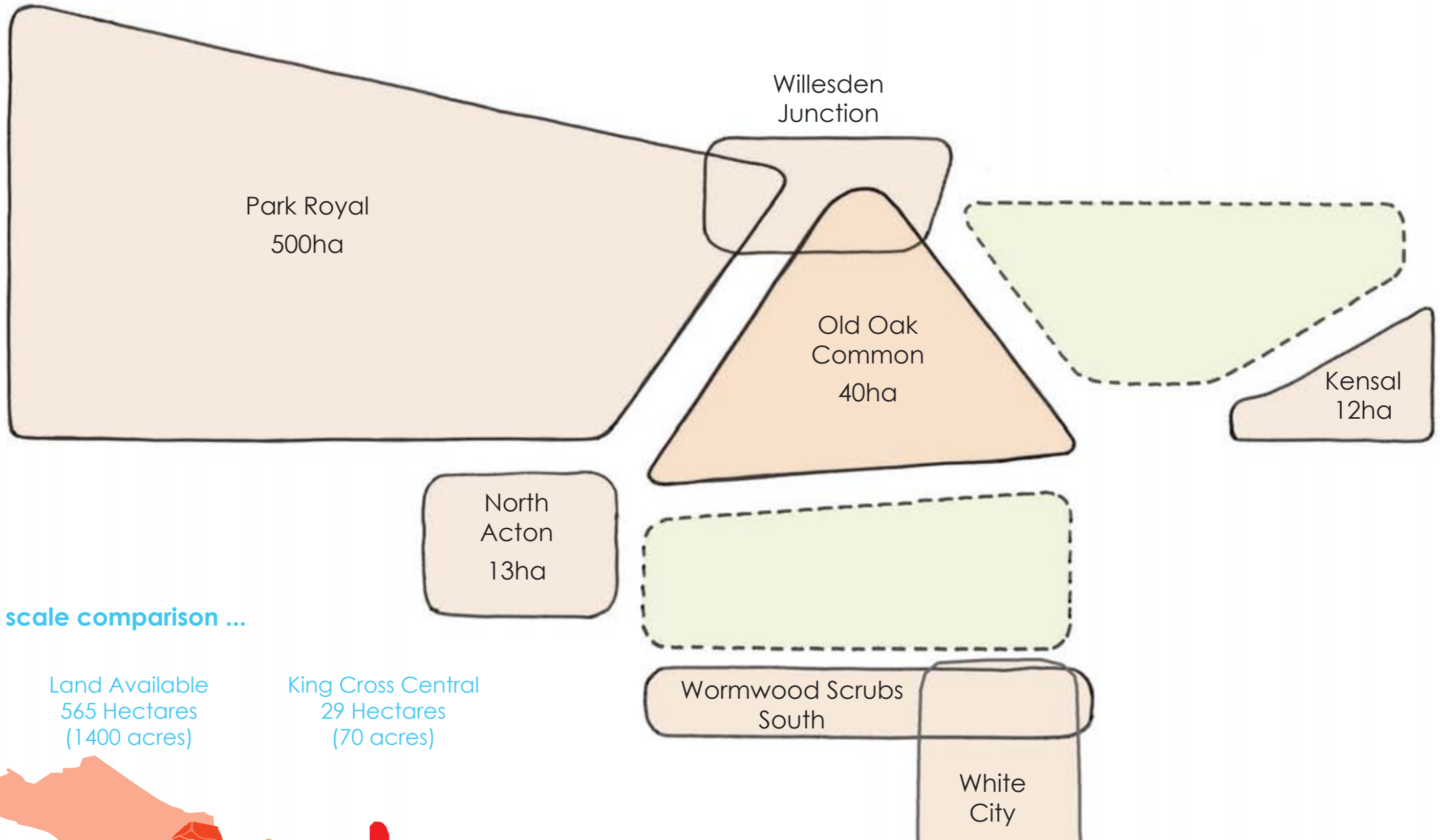
It is close to the **major highways** of London, the Westway, the North Circular and the M25 – straightforward moves connect this place to the network



With a **rapid transit system** the energy and connectivity of this place could be made accessible to the surrounding, sometimes deprived, sometimes growing areas: –

- **Harlesden**
- **Kensal** and the north end of **Ladbroke Grove**
- **White City** and the new **Imperial College** medical cluster
- All of congested **Park Royal** and **Wembley Central** beyond

Huge land areas are available for regeneration

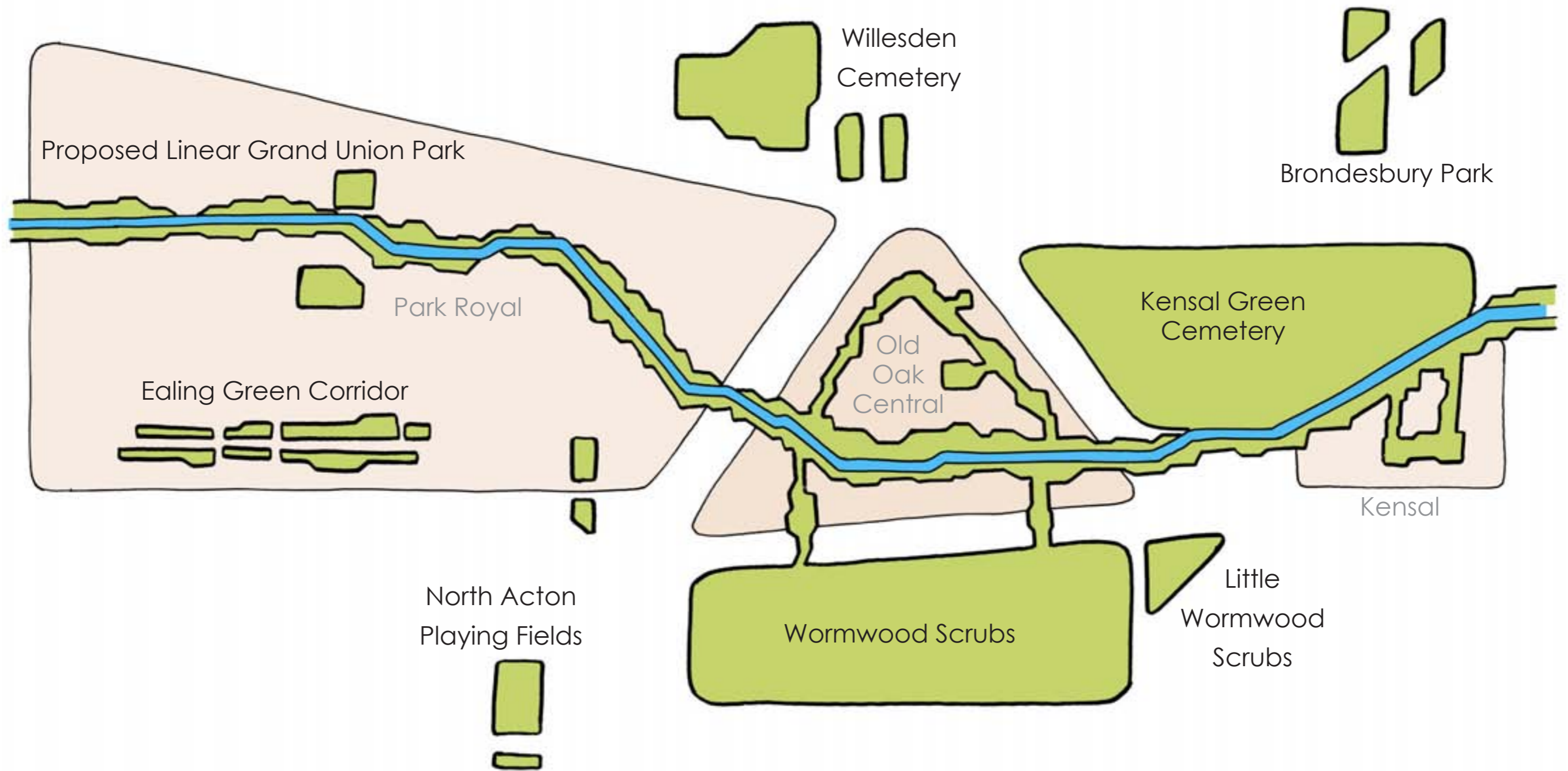


A scale comparison ...

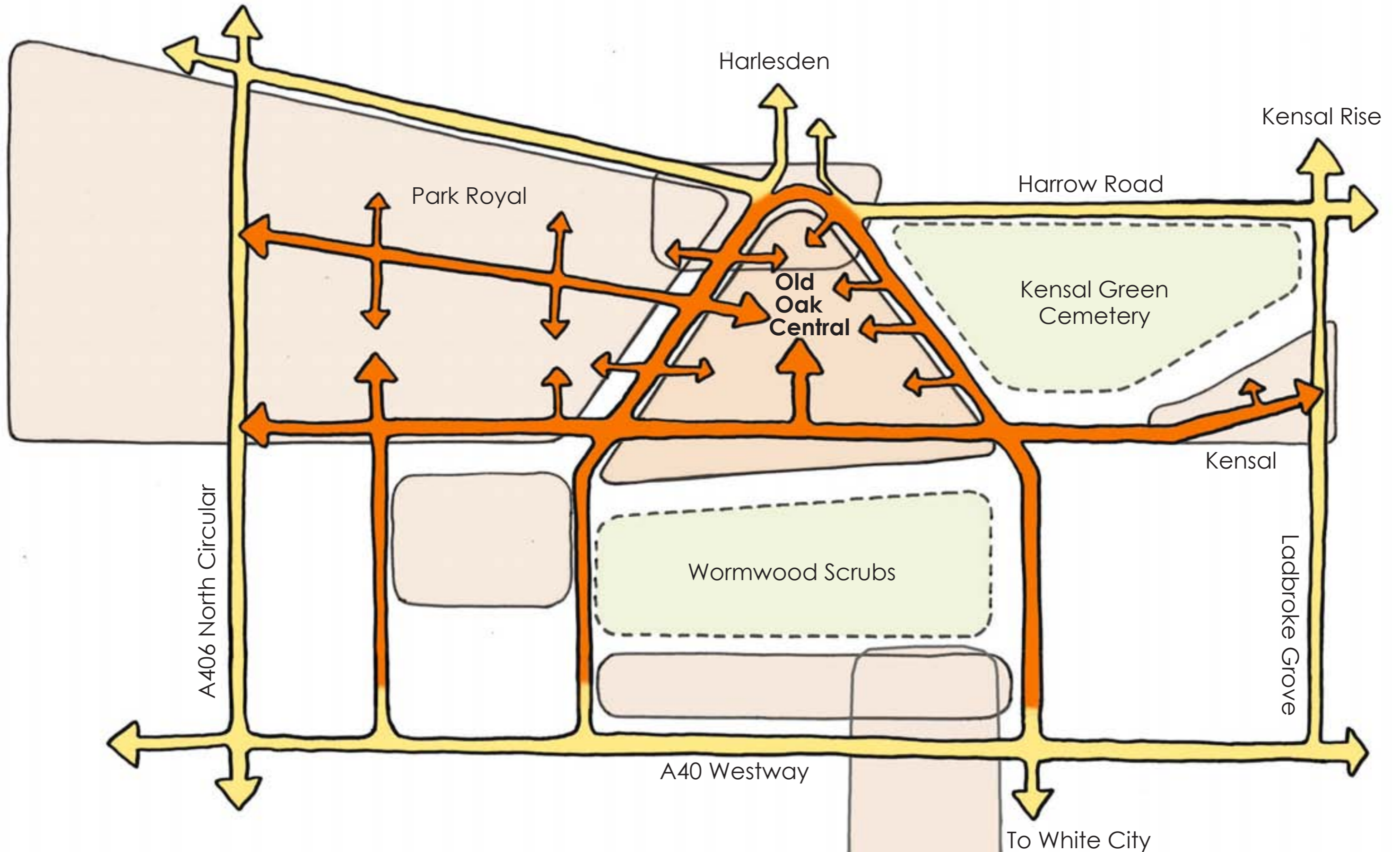


Shown to scale

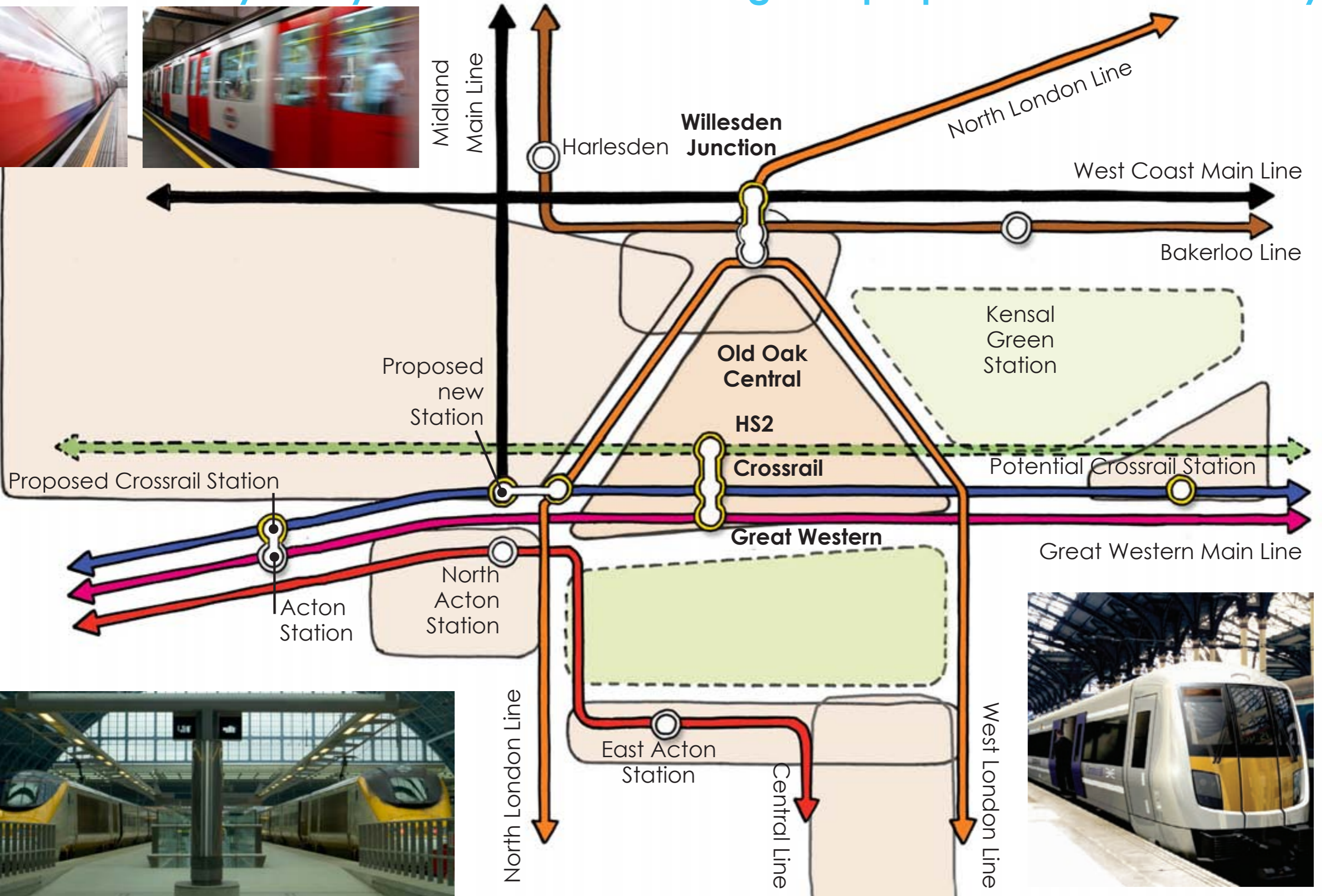
Park Royal City - existing and proposed green connections



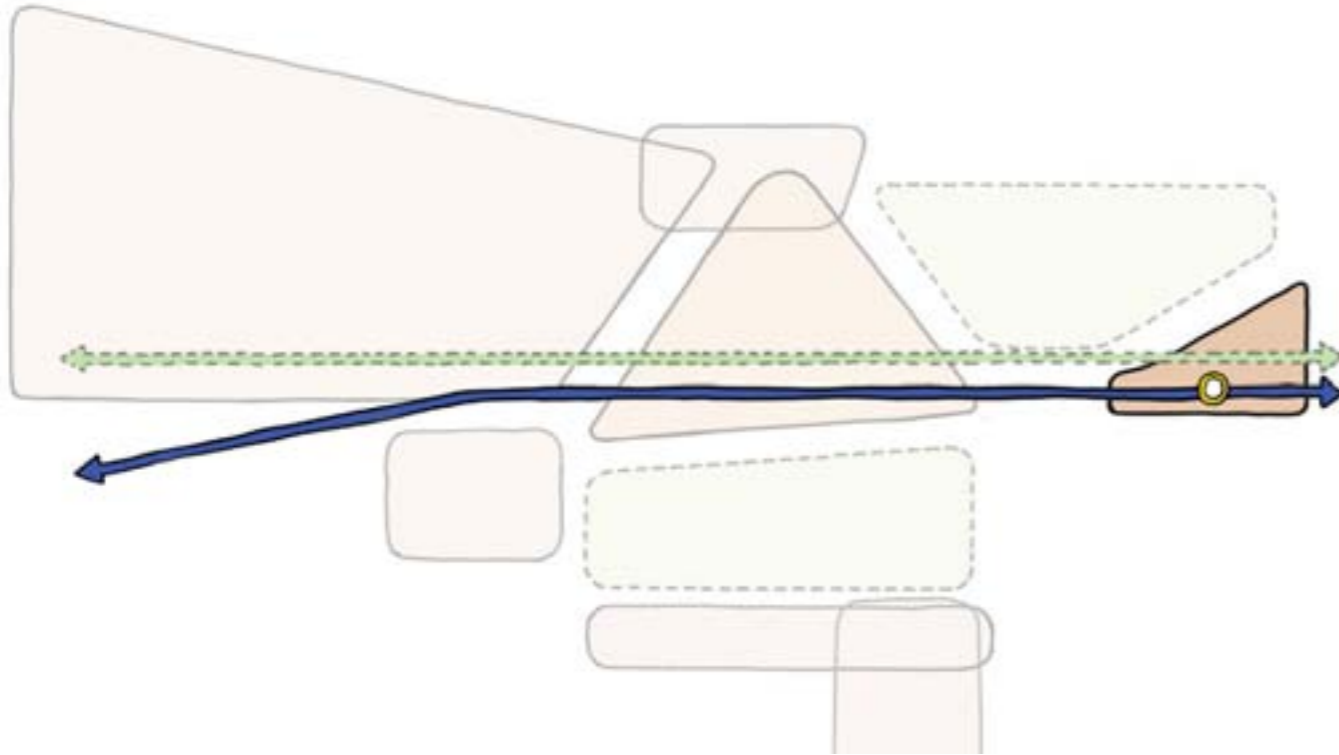
Park Royal City - existing and proposed roads



Park Royal City International - existing and proposed rail connectivity



The big prize for all: Regeneration across Park Royal, Old Oak Common and Kensal



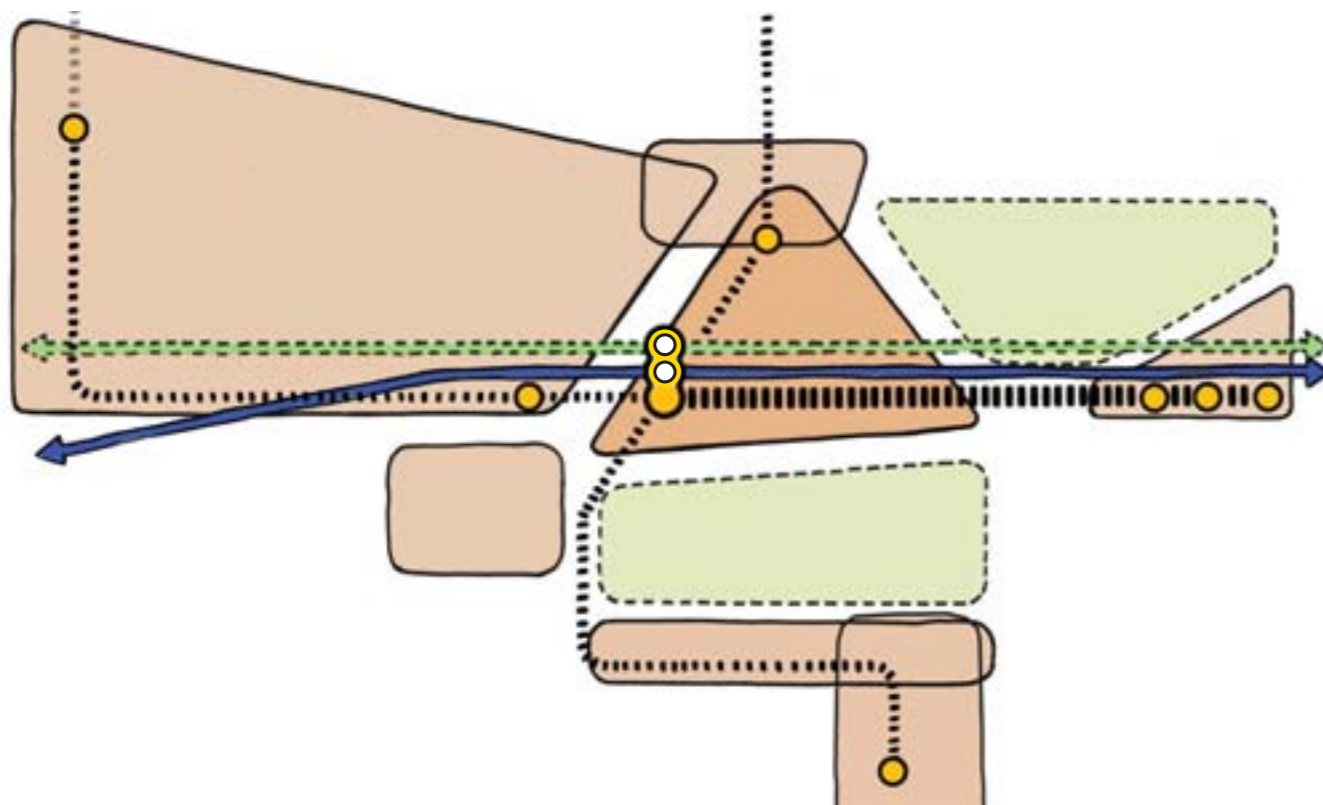
Current proposals are for an early **Crossrail** station at **Kensal**. This would: -

- Regenerate **12** hectares of land
- Provide **2,500** new homes
- Provide **5,800** new jobs

BUT this might also endanger the bigger prize - the regeneration of the much bigger area of **Park Royal, Old Oak Common** and **Kensal**. The larger area will: -

- Regenerate **500** hectares of land
- Provide **12,500** new homes
- Provide **115,000** new jobs

Crossrail at Kensal could endanger the bigger prize ...



The **big prize** is regeneration powered by the combination of the Crossrail/ Great Western station and the High Speed 2 station.

This can only happen at Park Royal City.

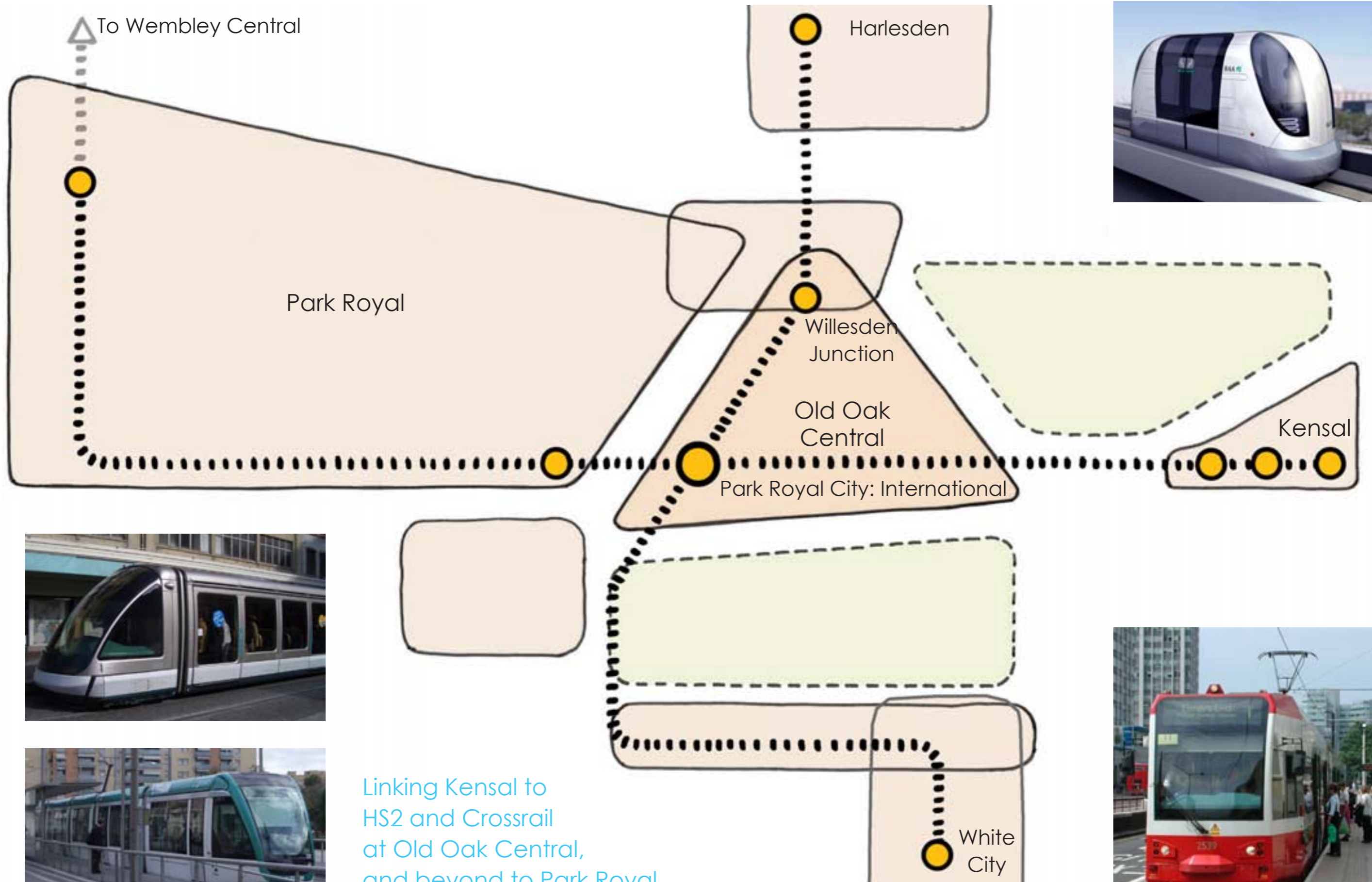
An option for sharing the benefits would be to put Kensal at the heart of a wider west London transport system comprising new light rail and road links, and eventually boosted by -

Transformed Connectivity: 4 minutes from Kensal to Crossrail/HS2

Linked by the new highway and by new rapid transit, Kensal would be part of the bigger picture, boosted by the transformational connectivity at Park Royal City and with much, **much higher regeneration** and **economic benefits** for Kensington and the wider Royal Borough.

Large scale regeneration with transformed connectivity for Kensal - 4 minutes to Crossrail and HS2

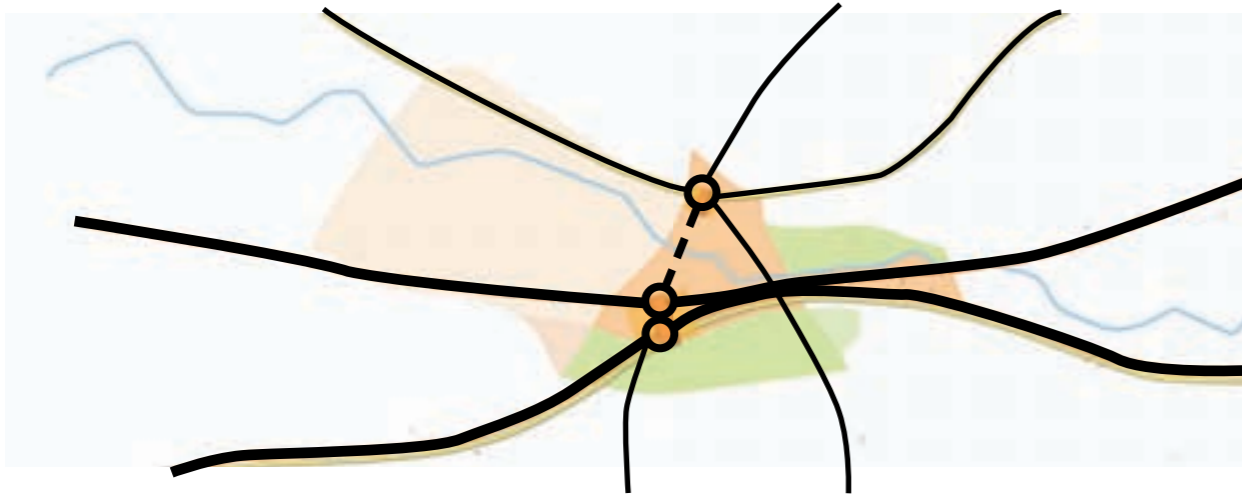
Proposed Rapid Transit system: Linking Kensal to HS2 and Crossrail



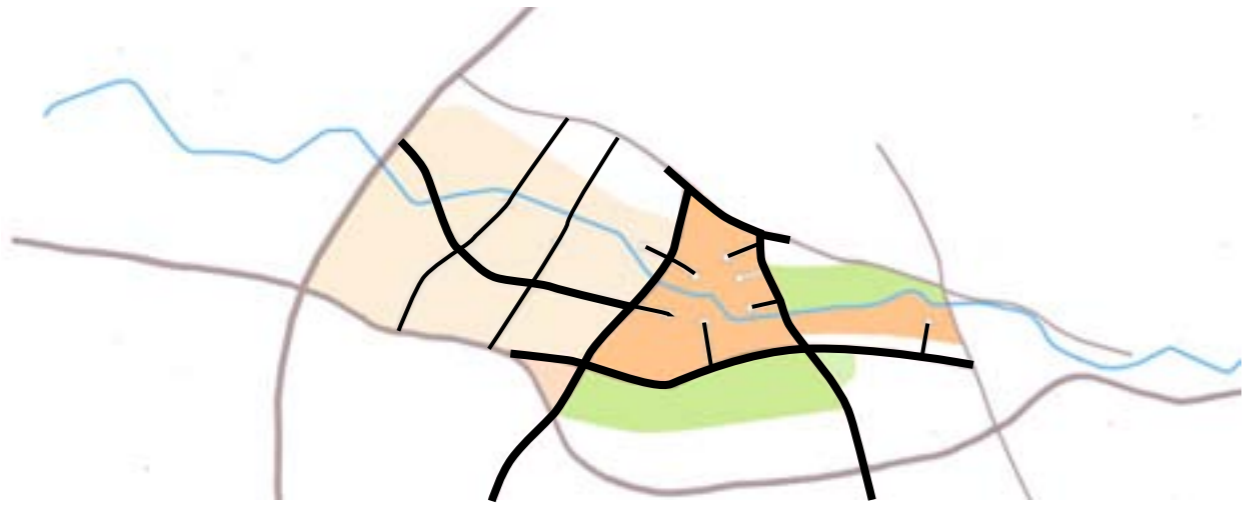
Linking Kensal to HS2 and Crossrail at Old Oak Central, and beyond to Park Royal, White City and Harlesden

Capitalising on the opportunity

Rail - join together the interchanges



Road - transform local accessibility



Rapid Transit - link Kensal & local communities to the Super Hub



connectivity = land values + dense activity

Park Royal City, building on a successful, but congested, industrial park and the **phenomenal growth potential** of the UK's transport super hub

A **twenty-first century place**, based on tremendous levels of international, national and metropolitan accessibility

A **'flow city'**, based on **accessibility, knowledge, technology, industry, logistics**

Create a **new economy** here, generating **£8,300m** of Gross Value Added output

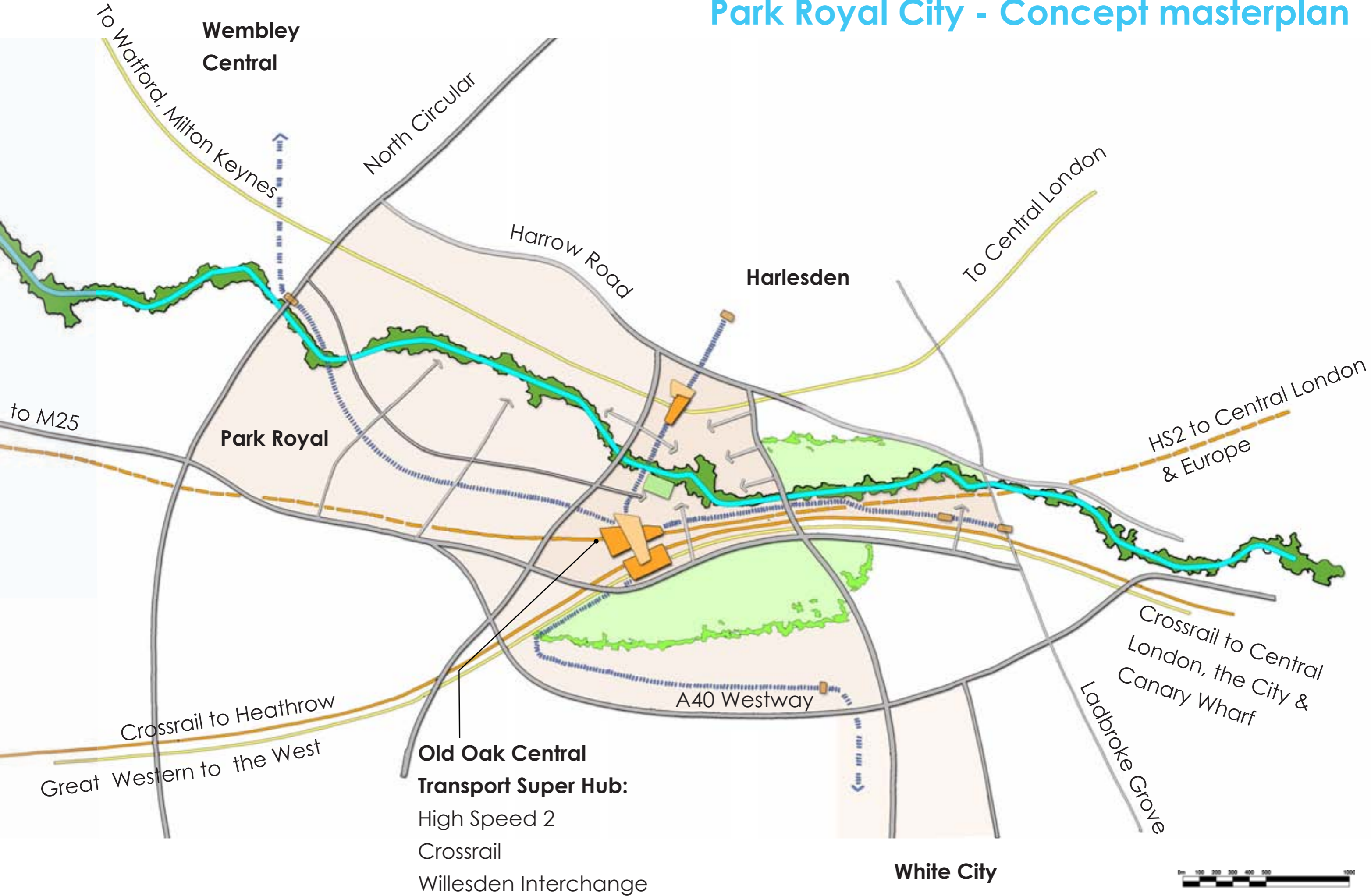
An economic opportunity the scale of **Canary Wharf**

A truly significant component of London's planned future growth

Across Park Royal City International reinforce existing employment and, in addition, potentially generate over: -

- **115,000 new jobs**
- **over 12,500 new homes**

Park Royal City - Concept masterplan



Old Oak Central Transport Super Hub:
High Speed 2
Crossrail
Willesden Interchange



Unlocking the potential at Old Oak Central

Fully plan and integrate transport and place-making

Potentially generate over: -

- **40,000 new jobs**
- **10,000 new homes**

A significant component of London's planned future growth: -

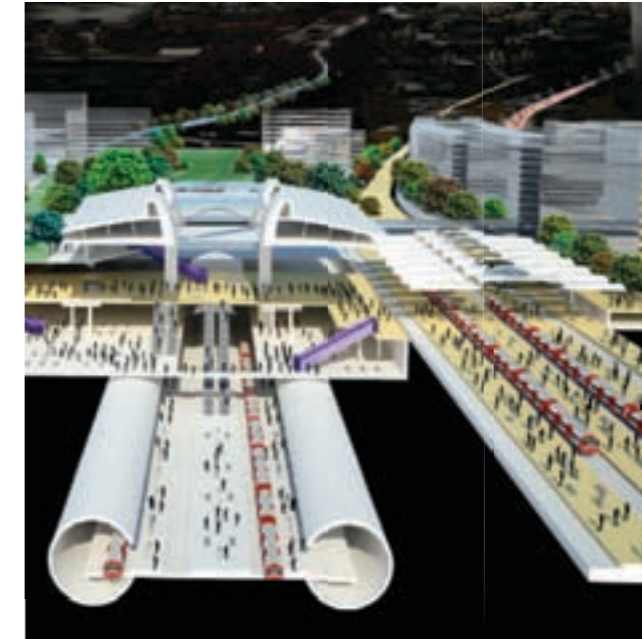
- almost **4,000** elementary, sales and customer service **jobs**
- **£2,900m GVA output**
- **£400m net to London**

Generate **capital receipts** from the land to finance railway transport

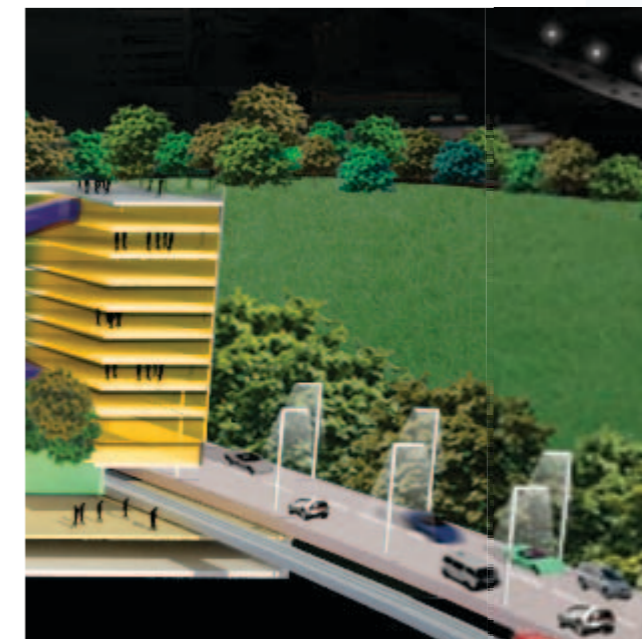
Regenerate one of London's **most deprived areas**

Create one of the UK's most **accessible** and **sustainable** places

Provide new local connectors (roads and a **Rapid Transit** system) to connect this place to the surrounding communities and economies

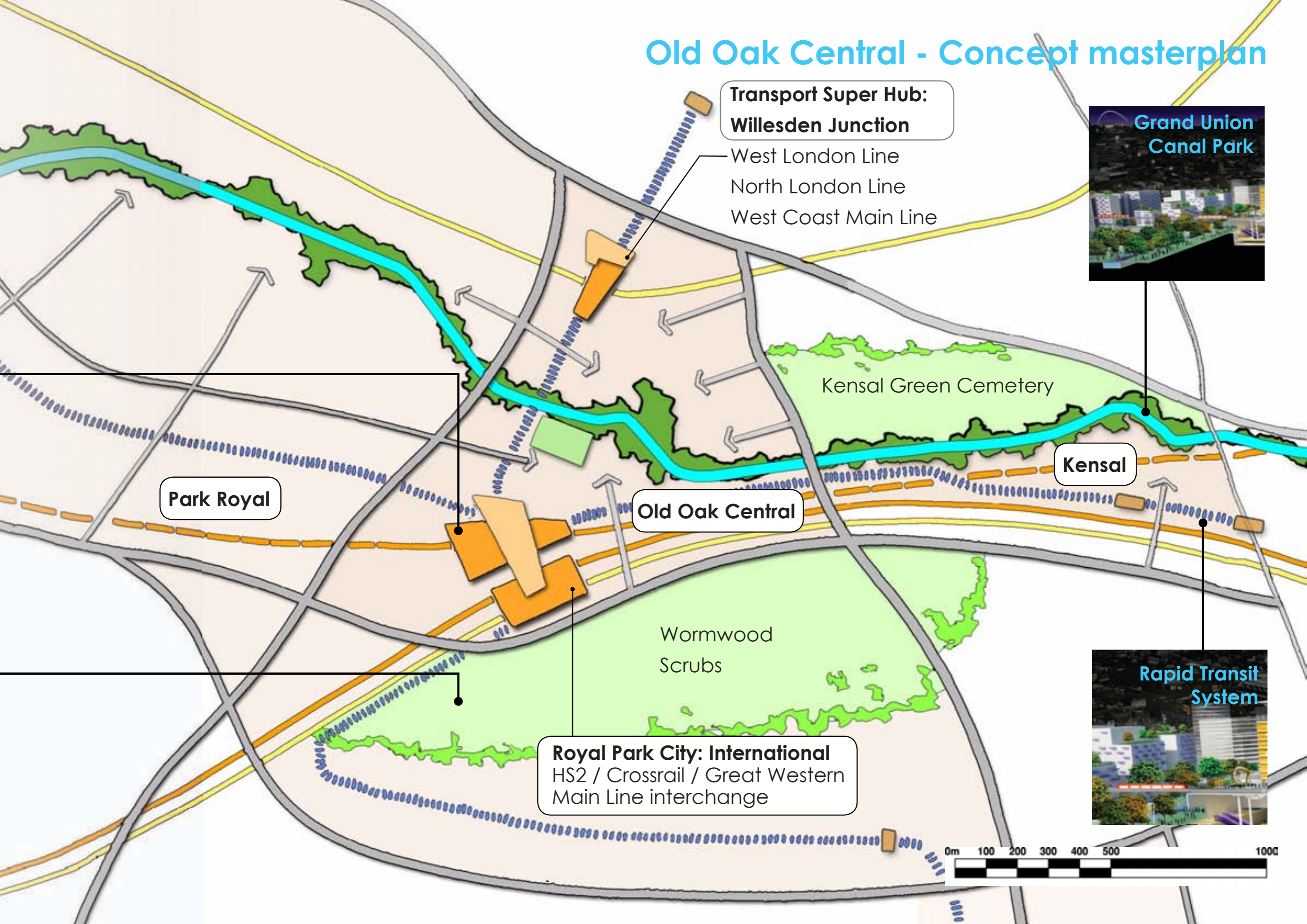


Transport Super Hub



Connecting with Wormwood Scrubs

Old Oak Central - Concept masterplan



**Transport Super Hub:
Willesden Junction**

West London Line
North London Line
West Coast Main Line



Kensal Green Cemetery

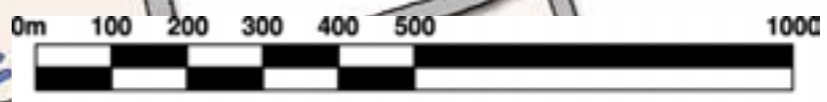
Kensal

Park Royal

Old Oak Central

Wormwood Scrubs

Royal Park City: International
HS2 / Crossrail / Great Western
Main Line interchange



How Park Royal City might be realised



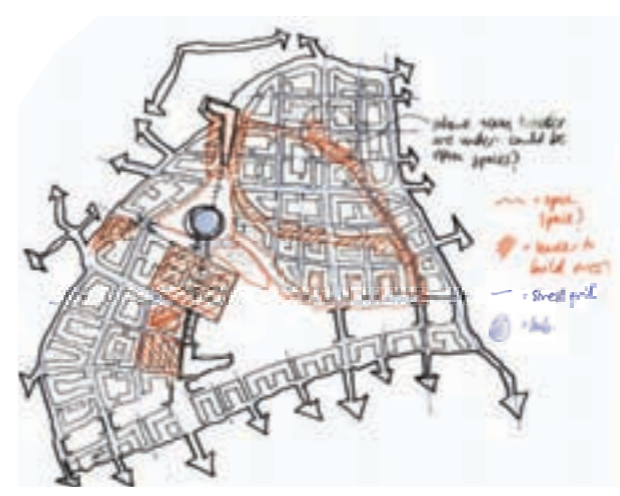
Development at Old Oak Central could realise:

- 20.5m sq ft of commercial space
- 8.5m sq ft of residential space
- 30m sq ft of development in total
- and a land value uplift of £700m to £1400m!

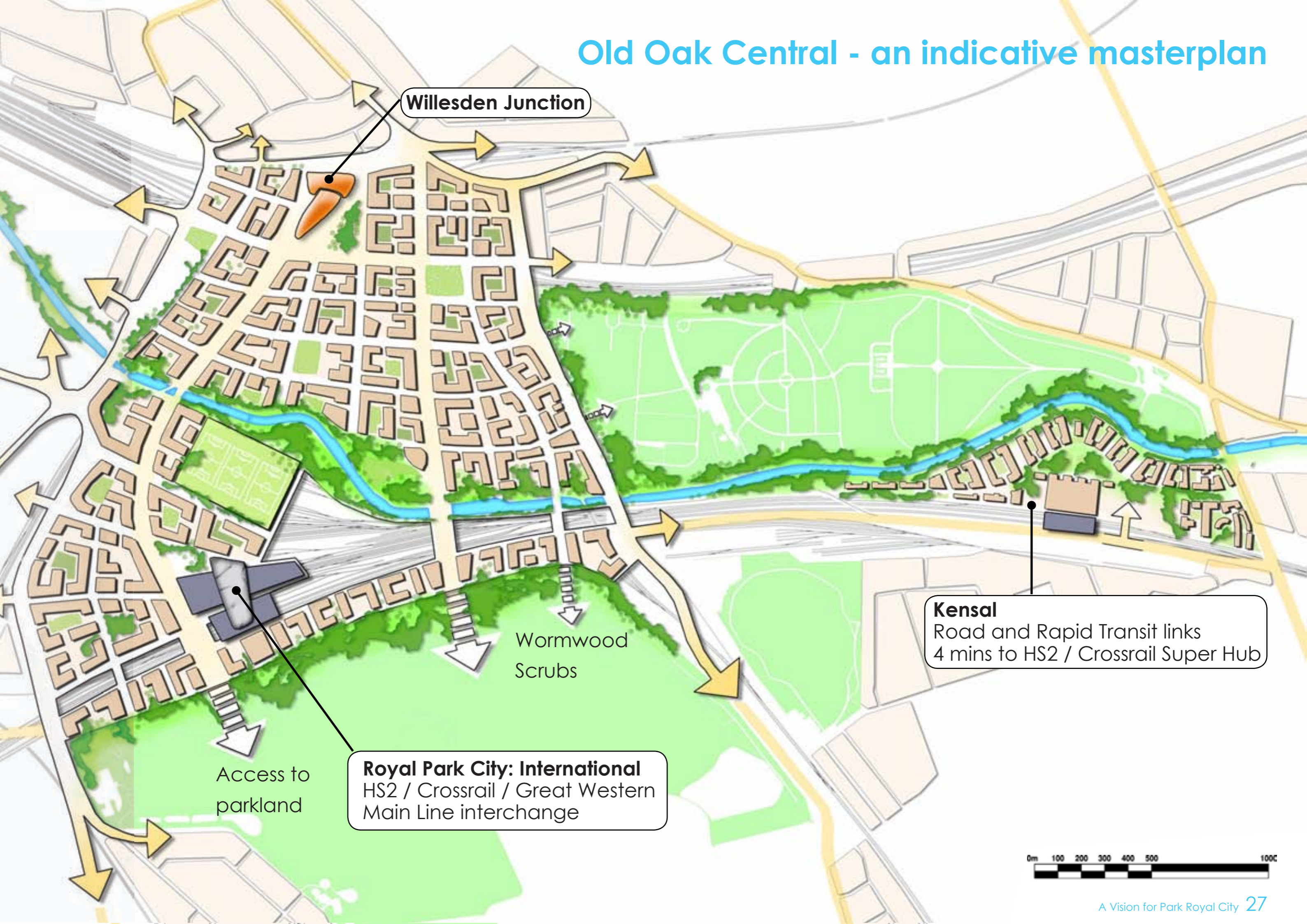
1 Initial development could start at Kensal and Old Oak Central - **mostly residential** but some business and commercial.

2 Next phases build on the **transformed accessibility** of the HS2/ Crossrail stations:
 - the centre of the '**Flow City**'
 - **business, commerce, conference, research and education.**

3 The next stage of regeneration brings the spread and **intensification** of those uses in **Park Royal** itself, **White City** and the wider area.



Old Oak Central - an indicative masterplan



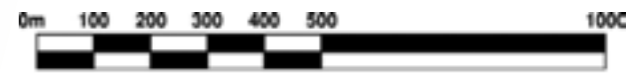
Willesden Junction

Wormwood Scrubs

Access to parkland

Royal Park City: International
HS2 / Crossrail / Great Western
Main Line interchange

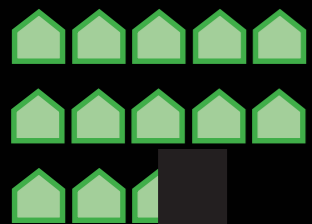
Kensal
Road and Rapid Transit links
4 mins to HS2 / Crossrail Super Hub



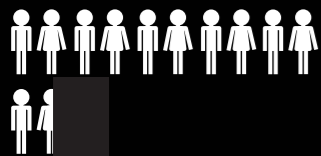
The Potential Economic Benefits: Park Royal City



Park Royal City International could provide:



12,500 new homes
(16% of London Plan growth to 2031 for West London)



115,000 new jobs
(95% of London Plan growth to 2031 for West London)



creating almost **7,500 elementary/ sales and customers service jobs**
Output of almost **£8300m GVA per year** of which **£700m** is additional to London

Additional Revenues:
£53m of additional **rail revenue**
£295m of **tax** to central government
£200m of new business rates

... and by district



Park Royal



from **40,000 jobs today...**



... to 110,000 jobs tomorrow, including over 3,500 new elementary/ sales and customer service jobs



Output of **£5000m GVA per year**

Old Oak 'Central'



10,000 new homes



40,000 new jobs, including almost 3,500 new elementary/ sales and customer service jobs



Output of **£2900m GVA per year**

Kensal



2,500 new homes



Almost 6,000 new jobs, including 600 new elementary/ sales and customer service jobs



Output of **£400m GVA per year**

Precedent Transport Super Hubs



Incheon Transportation Interchange



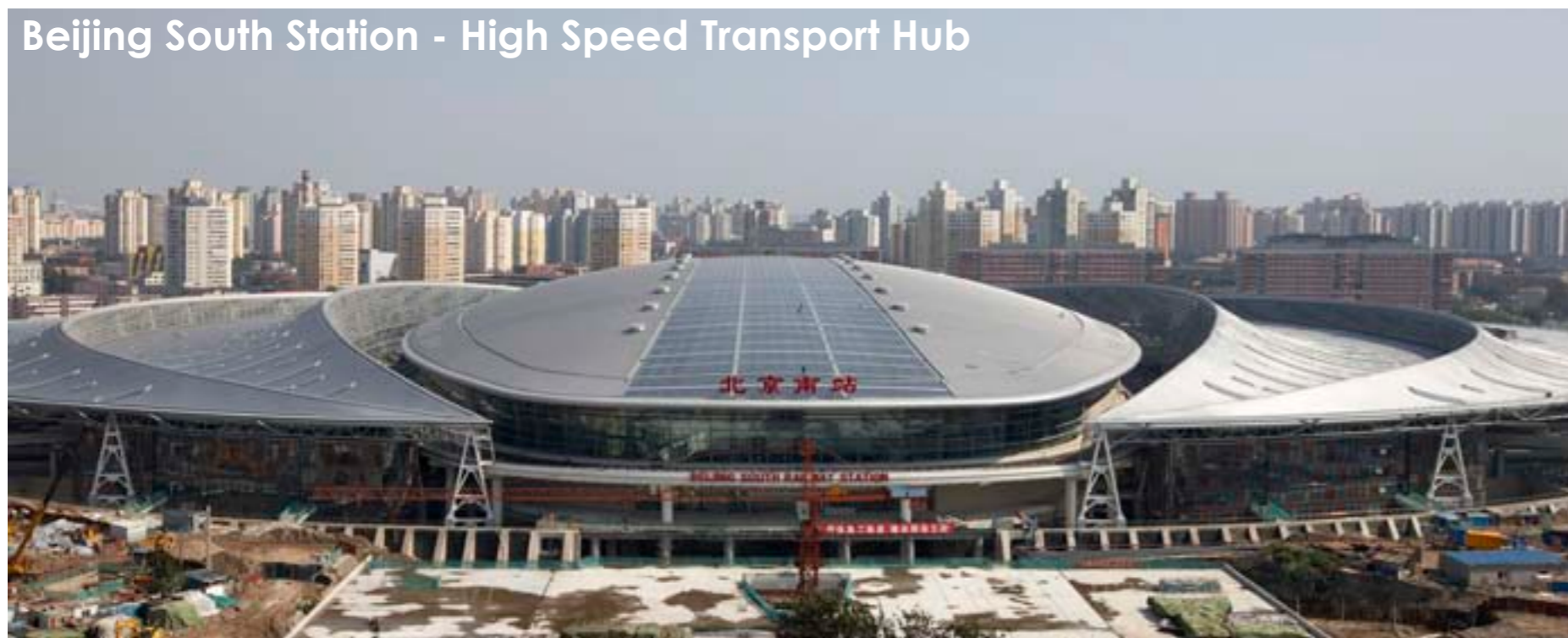
Guangzhou High Speed Hub



Beijing South Station



Kowloon Station: Vision - 1995



Beijing South Station - High Speed Transport Hub



Kowloon Station: Realised - 2011

Old Oak Central Transport Super Hub - The Vision



← Connection to Willesden Junction

- Bakerloo Line
- West Coast Main Line
- North London Line
- West London Line
- Rapid Transit

Road Transport Interchange

- Coaches
- Buses
- Taxis

High Speed 2

- Birmingham, Manchester, Leeds and The North
- London Euston
- Europe via HS2

Crossrail/ Great Western Main Line

- Central London, The City, Canary Wharf and the East
- Heathrow
- Bristol and the West

Rapid Transit & Highway

Transport Strategy

Transport Elements Summary

Present and planned railways create a unique opportunity for new development

1. The present criss-cross network of railway lines in the Old Oak Common area, Crossrail, the proposed HS2 project, and the wider Park Royal industrial zone, provide a unique opportunity to integrate public transport in West London and create a new economic quarter – Park Royal City International.
2. The new 'Old Oak Central' community of 40,000 jobs and 10,000 homes will be underpinned by investment in an interchange station for the main railways. Transit shuttles to neighbouring rail routes and other development zones will yield further large-scale business and housing opportunities, and extra transport connectivity.

Public transport is the key to unlocking new economic capacity

3. Park Royal is at the convergence of lower density outer London with a preference for car travel, and higher density inner London with greater preference for public transport. This sets the primary policy objective: secure major improvements to public transport so that it becomes a preferred mode also for outer London travel to and via Old Oak Central and the wider zone, and releases capacity for economic growth.
4. Creation of a strategic West London interchange will open up many new journey opportunities by public transport. It will stimulate significant new demand for rail travel in London and the Home Counties. Public transport will become a practical alternative to the car for more journeys.
5. Park Royal City International will gain greater economic impact because of the whole area's accessibility. That allows economic growth in the wider Western quadrant to be accommodated, sustainably, without additional main road capacity for which there is neither space nor funding.

A Park Royal Transit 'hub & spoke' system will join interchanges and developments

6. An initial 'hub and spoke' system is foreseen – Park Royal Transit (PRT). It can serve Old Oak Central, and developments at Kensal, Park Royal's Southern Gateway (North Acton) and Eastern Gateway (Willesden Junction), and towards White City via the Hammersmith Hospital health community. Eventually PRT could become an extended network connecting more widely.
7. Park Royal Transit will be a fast distributor network, in the same way as London Docklands is opened up by the Docklands Light Railway. PRT might be DLR-style, or automated mini-trams (Personal Rapid Transit) such as used now at Heathrow Airport.

The potential for London and Home Counties rail accessibility is immense

8. Potential rail service volume at an initial Old Oak Central hub is 122 peak arrivals and departures an hour (1 arrival and 1 departure every minute). This includes Crossrail, Orbital lines, and the existing tubes at Willesden Junction and North Acton which will be linked to Old Oak Central via Transit shuttles.
9. Further investment in Park Royal City International, along with general growth of rail commuting in the 2020s, could stimulate overall train frequencies to rise 40% to nearly 3 arrivals or departures every minute by the late 2020s (up to 172 per peak hour). (See report JRC2 - separately available)



Initial Exploration of Potential Routes: PRT Hub and Spoke System



Transport Elements Summary

HS2 adds a new dimension – national and international accessibility

10. The arrival of HS2, through Phase 1 (Birmingham and North West), Phase 2 (Midlands and Northern England) and a redefined HS2-HS1 link, could double or triple demand for interchange at Old Oak, on a national and international scale. The total rail service could then be over 250 arrivals and departures in a peak hour.

11. HS2 Ltd foresees 25-40% of all HS2 London passengers transferring to the London regional rail network at Old Oak Central, including Crossrail to Heathrow and Central London. This scale of transfer is necessary to avoid overloading Euston terminus and its tubes with transferring passengers. Even so, HS2 Phase 2 is likely to require a new Euston stop on the planned Crossrail 2 North-South railway.

Scope for new London & Home Counties connections with redesigned HS2-HS1

12. The proposed HS2-HS1 link starting at Old Oak is currently proposed as a limited capacity line for international trains only. Its redesign is already considered necessary by Transport for London and local boroughs. Redesign as a London and Home Counties connector is considered a strong opportunity by L.B. of Hammersmith & Fulham to open up new cross-London regional passenger services. The Council is submitting a separate

report on HS2-HS1. (See report JRC3 - separately available)

Opportunities for Kensal and other dispersed developments

13. The impact of an Old Oak interchange on Crossrail is to require all Central Tunnel trains to run as far west as Old Oak Central before trains return to Central London. By the late 2020s it is likely that all Crossrail peak trains will be travelling to and from the outer suburbs and Home Counties. (See report JRC4 - separately available)

14. With Transit, neighbouring developments will be only 3-5 minutes away from Old Oak Central which will offer high frequency Crossrail and extensive London region accessibility. Development locations such as Kensal can be better off being accessible via Old Oak Central, than having a station with low service frequency on one rail route. This is shown in an analysis of access to Kensal. (See report JRC5 - separately available)



Expanding Catchment Areas



Mid 2020s to 2030s: National and European Hub

For detailed information, please refer to separately available reports

Transport Strategy / Order of Magnitude Costs

The transport strategy has been developed in accordance with current standards to show what is feasible

The strategy encourages the use of sustainable transport modes

Using the Grand Union Canal towpaths as the backbone of a traffic-free pedestrian and cycle network

Capitalising on the excellent public transport provision and regional connectivity

Improving bus access through the provision of new routes through the opportunity area and enhancements to existing approach roads

Overcoming existing access difficulties for heavy goods vehicles by providing enhanced highway connections

Providing the opportunity for a new strategic E-W transport route to facilitate connections to Kensal and Park Royal

Facilitating downgrading of the existing Westway (A40) through East Acton and Ladbroke Grove

Adopting a restraint-based approach to car parking provision, in line with local and London Plan policies

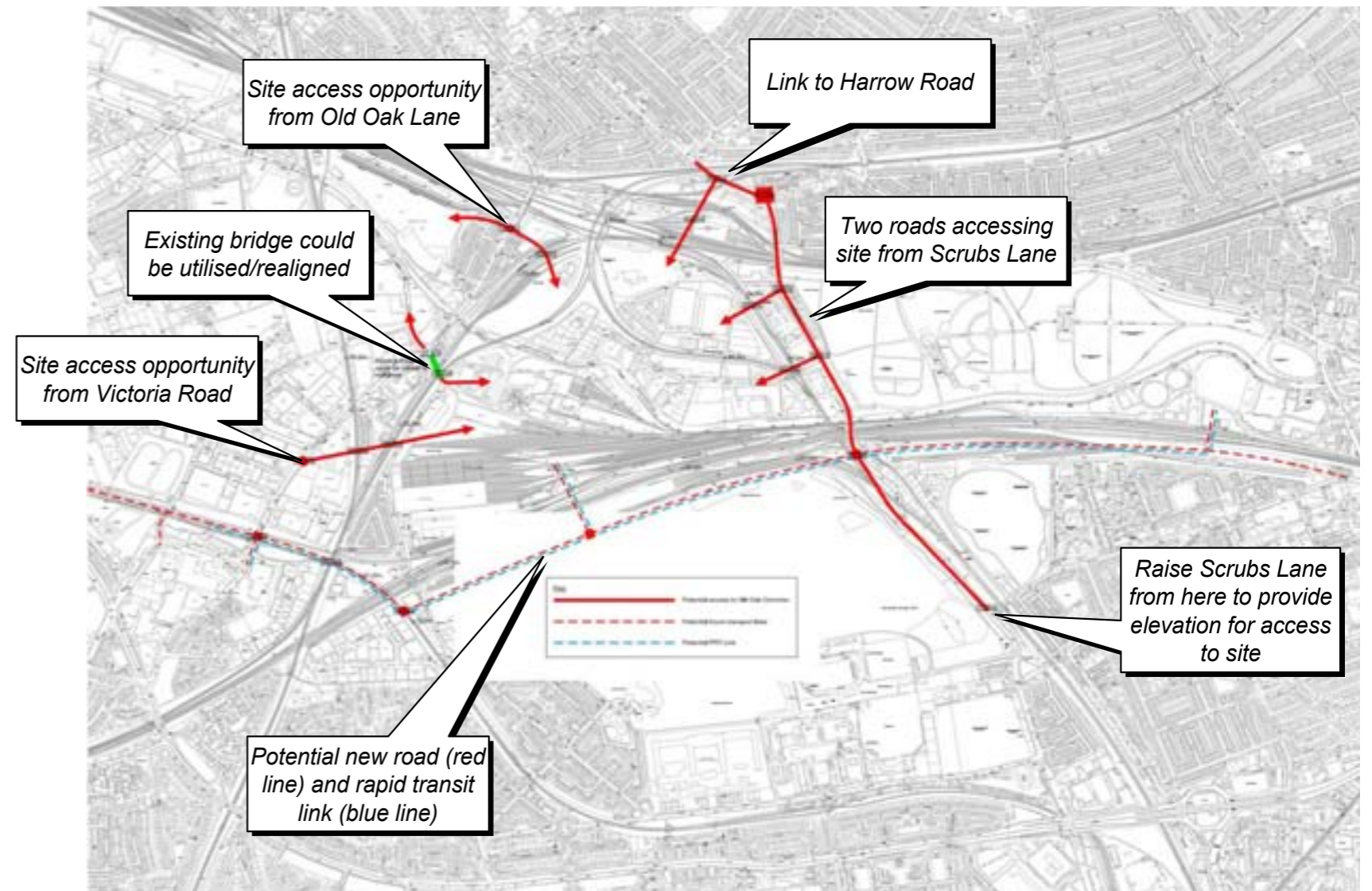
It is capable of being implemented in a phased manner to complement phases of development activity.

Order of magnitude costs have been estimated for the proposed transport infrastructure improvements

- **£100m for road improvements**
- **£50 - £500 for 10km of Rapid Transit System**



Potential highway upgrades to access the development at Old Oak Central



Transport Upgrade	Capital Cost Estimate
Scrubs Lane plus access to site and link to Harrow road	£30m
Access for west to Park Royal	£20m
East / West route south of the site to link to Kensal Gas works	£50m
Total road estimate	£100m
10km of rapid transit (2 x 5km - Harlesden to White City and Kensal Green to Park Royal)	£60m for ULTRA / PRT £500m for light rail

Road Transport Accessibility



Notes for PRT costing:

(1) ULTRA/PRT cost per mile of £9.5m (upper limit taken from <http://www.ultraprt.com/prt/implementation/costs-summary/> on 26/7/11)

(2) Light rail cost per km of £50m taken from analysis of Cross River Tram, West London Tram and DLR costs

Notes for Road Transport Accessibility:

(1) An average speed of 8mph for London has been used to estimate the distance from the development for 20mins and 45mins

(2) Employment numbers taken from 2008 Annual Business Inquiry

(3) Total Greater London employment is assumed to be 4.5million

Economic Benefits / Transport Economics

The Economic Benefits

- in summary

Park City International could deliver: -

- up to 12,500 homes
- over 110,000 jobs
- a total development land value of £700m to £1,400m

	Old Oak Central	Park Royal	Kensal	Total
Developable area (ha)	58	504	12	574
Average plot ratio	3.3	2.5	3	c. 3
Homes	10,000	0	2,500	12,500
Jobs	40,000	70,000	5,800	115,800
Total development land value (£m)	700-1,400	N / A	N / A	700-1,400
GVA (£m per annum)	2,900	5,000	400	8,300
Tax revenues (£m per annum)	180	300	28	508
Rail revenues (£m per annum)	46	0*	7**	53

Notes:

(1) Plot ratios not used to estimate Park Royal development

(2) Total development land value supplied by CBRE for Old Oak Central only

(3) No additional rail revenues assumed for Park Royal development (conservative assumption)

(4) Assumes transit link to Old Oak Common

Economic Benefits

Employment, GVA, achieving the London Plan

A development at Old Oak Central will facilitate significant employment resulting in productivity of £3bn per annum

The development at Old Oak Central will deliver up to: -

- 40,000 jobs
- 10,000 homes end-state employment will produce (in terms of Gross Value Added, GVA) £3bn per annum

The GVA is all additional to the Borough, however for London and UK the majority is displaced growth from elsewhere: -

- LB Hammersmith & Fulham – 100% additional (£2.9bn)
- Greater London – 11% additional (£310m)
- United Kingdom – 9% additional (£260m)

HM Treasury will gain from taxation of the additional productivity: -

- £260m (UK additionality) x 40% (average taxation rate) = £100m per annum

The 2031 growth targets for West London in the London Plan would be supported and local job opportunities created

The development would contribute significantly towards the delivery of the London Plan, providing up to: -

- 13% of population growth in West London up to 2031; and
- 33% of employment growth in West London up to 2031.

The development will increase spending in the local economy – by new residents and employees – of around £150m per annum

The end-state development would regenerate the area and provide 3,300 new jobs in elementary occupations and sales and customer services, which are likely to be taken by local residents

Unemployment with no qualifications within the catchment area of the development is estimated at 5,000

Business rates received would increase by up to £70m per annum

Increase in council tax received would be up to £10m per annum

Economic Benefits

Transforming transport, accessibility and business development

The high public transport usage of employees and residents will lead to a significant increase in rail revenues

The basic public transport infrastructure that is required to support the new development will be in place once Crossrail is operational in 2018/19

This is in contrast to Canary Wharf which required public sector investment in the extension of the Jubilee Line and Crossrail

The end-state development would deliver additional rail revenues per annum of £46m which could be split: -

- £28m for Crossrail
- £9m for London Underground
- £9m for London Overground

Should additional capacity be required for the public transport infrastructure, this could be supported by a levy on development

Net additional revenues for High Speed 2 would be limited to employees/residents making additional trips because they are located next to the station.

There would be a small positive impact to £3m per annum

Further targeted development in areas of Park Royal with good accessibility could be a subsequent phase

Development at Old Oak Central provides an opportunity for wider regeneration gains within the Park Royal estate by increasing densities in selected areas of good accessibility

That could increase jobs from 40,000 today up to 110,000 (i.e. an additional 70,000 jobs) whilst safeguarding space for industrial land uses

The end-state employment would be worth: -

- £5bn per annum GVA
- £0.5bn per annum is additional to London
- £0.4bn per annum is additional to the UK

HM Treasury increased taxation revenue would be up to £180m per annum
The additional development would further support London Plan growth: -

- 57% of West London employment growth to 2031

The development would create up to 3,500 new jobs in elementary occupations and sales and customer services

Business rates could increase by up to £120m per annum

Economic Benefits

Kensal: Old Oak Central achieves greater economic benefits

Further development could take place in Kensal at the gasworks opportunity area

The Old Oak Central development would provide the opportunity to link in to a development at the Kensal gasworks

The end-state development at Kensal would add up to 2,500 homes and 5,800 jobs to the Old Oak Central numbers

The new employment would be worth £410m per annum in terms of GVA: -

- £45m per annum additional to London
- £37m per annum additional to the UK

HM Treasury increased taxation revenue would be up to £15m per annum

The additional development would further support London Plan growth: -

- 3% of West London population growth to 2031
- 5% of West London employment growth to 2031

The development would create up to 600 new

jobs in elementary occupations and sales and customer services

Additional business rates received could be up to £10m per annum and council tax of up

... but comparison with a development at Kensal shows Old Oak Central delivers greater economic benefits: -

- An additional Crossrail station at Kensal as well as Old Oak Central would provide operational difficulties and increase journey times so other means of providing access from Kensal to Old Oak Common interchange (e.g. Ultra/ PRT or light rail) should be explored

Category	Old Oak Common	Kensal
Homes	10,000	2,500
Jobs	40,000	5800
Jobs in elementary occupations or sales and customer service	3,300	600
Productivity (GVA)	£3bn per annum	£0.4bn per annum
Transport revenues	£46m per annum	£7m per annum
HM Treasury revenues	£100m per annum	£15m per annum
Business rates	£70m per annum	£10m per annum
Council tax	£10m per annum	£3m per annum

Notes:

(1) 2,500 dwellings at Kensal taken from RB K&C Cabinet Board Report 24 March 2011

(2) Employment numbers for Kensal calculated by CBRE



Economic Benefits

- the detail

All scenarios combined could deliver up to 12,500 homes and over 110,000 jobs

	Old Oak Central	Park Royal	Kensal	Total
Population				
New Homes	10,000	0	2,500	12,500
London Plan pop growth for West London to 2031	13%	0%	3%	16%
Employment				
Additional Jobs	40,000	70,000	5,800	115,800
London Plan emp growth for West London to 2031	33%	57%	5%	95%
New Jobs (elementary / sales and customer service)	3,300	3,500	600	7,400
Output / Productivity (£bn per annum)				0
Gross	2.9	5.0	0.4	8.3
London net	0.3	0.5	0.0	0.9
UK net	0.3	0.4	0.0	0.7
Revenues				0
Rail Operators	46	0*	7**	53
HM Treasury (taxation)	100	180	15	295
Business Rates	70	120	10	200
Council Tax	10	0	3	13

Notes:

(1) No additional rail revenues assumed for Park Royal development (conservative assumption)

(2) Assumes transit link to Old Oak Common

The Relationship between Transport and Economic Benefits

Introduction

CB Richard Ellis has been instructed by London Borough of Hammersmith and Fulham to provide an initial commentary on the potential economic benefits of new HS2 and Crossrail stations on the 58 hectare Old Oak Common site in the north of the borough.

This note focuses in particular on the likely development that could be achieved on the site following the creation of a new HS2 and Crossrail transport hub and the potential economic benefits of this development.

Given the short timescales to undertake this work, the figures included within this paper are initial estimates, we recommend that further analysis is undertaken to provide a more detailed analysis on the potential benefits of the proposals.

The Relationship between Transport and Economic Benefits

Before assessing the specific benefits of the future development of Old Oak Common, it is useful to understand the relationship between major transport improvements, regeneration and economic benefits, and in particular how this has been achieved previously in other parts of London.

Connectivity is one of London's most valued assets. Businesses rate London as one of the most attractive cities in which to do business in the world and its transport links play a fundamental role in this. The quality of its international connections and intra-city networks are a crucial element of its advantage.

London's economic advantage lies in its extremely dense employment clusters. The capital's highest value economic activity occurs in agglomerations of banking, insurance, financial, professional and business services, and creative industries. For businesses in these sectors, proximity to each other creates more opportunities for specialisation in client and labour markets plus increased potential for knowledge sharing. Such agglomeration economies help make London

significantly more productive than the UK as a whole.

In Central London (including Isle of Dogs) there are around 1.5m jobs. This represents approximately a third of London's employment in just two percent of the capital's land space. Within this concentration of economic activity, financial and business services dominate, accounting for 50% of jobs in Central London overall.

Given this, it is no surprise that if transport provision changes, so do the prospects for local property markets. Transport can be a shaper of urban property markets. London's property markets today are in no small part a result of transport infrastructure projects of the past.

A key feature of the Central London property market in recent years has been the emergence of new competitive districts and locations. The most significant example is Isle of Dogs, a market that has evolved so quickly over the last twenty years that it is now considered a key part of the Central London market. In the mid-1980s, there was no Isle of Dogs office market. Now there is over 17m sq ft there, although the Isle of Dogs may be exceptional in its size and ambition, compared with other recently emerging markets.

Canary Wharf offers an excellent example of the significant impact transport change can have on property markets. Initially, the market was hampered by poor connectivity and consequently a large rental discount was required to attract tenants. Over time, the rental differential narrowed significantly as, first, the DLR was opened and then, the extension of the Jubilee line was completed.

Paddington and Southbank are other examples of markets that have experienced rapid evolution in recent years as a result of transport improvements. Both markets are now popular choices with the type of tenant and residents that would not have considered them as a location less than ten years ago. These markets initially relied on low rents to attract tenants, offering space at around 50% less than competing

established markets.

While Canary Wharf is an extreme example in terms of the scale and speed of change that the location has experienced – it offers valuable insight into how transport changes can unlock development potential and create significant economic benefits.

There are a number of points of note that differentiate Old Oak Common from these locations. First, is the scale of the development opportunity: 58 hectares as opposed to 39 hectares at Canary Wharf, 29 hectares at King's Cross and 29 hectares at Earls Court – only Stratford City at 73 hectares is larger.

Second, the extent of accessibility changes from Crossrail and HS2 is substantially greater than has been achieved in the UK in modern times. Crossrail would deliver connectivity to London's four key business districts – the City, West End, Canary Wharf and Heathrow – and at a stroke, create a step change in accessibility. HS2 will provide connectivity to the West Midlands and create an important transport interchange. These changes to the rail network will be supplemented by improvements to the road network enhancing permeability throughout Old Oak Common and to adjoining areas such as Park Royal.

Old Oak Common's offer as a location will to some extent reflect and complement existing clusters in Park Royal. In the context of its' location, equi-distant between Heathrow and Central London and its enhanced connectivity, Old Oak Common would appeal to international occupiers looking for high quality space. In this respect, Paddington / Chiswick Park offer insight into the type of occupier that would come to Old Oak Common.

From a residential perspective, fast and efficient transport links to the main employment centres of London will prove a major attraction.

Economic Benefits - the uplift in land values

Economic benefits of HS2 / Crossrail at Old Oak Common

Set out below are CB Richard Ellis' initial thoughts on the economic benefits of the HS2 and Crossrail Stations being located at Old Oak Common and the related development potential of the site unlocked by these transport interventions.

Old Oak Common Development Capacity

Based upon the initial masterplan study work undertaken by Terry Farrell and Partners, we have assessed the development capacity of the 58 hectare Old Oak Common site. Please see Appendix 1 for our detailed initial calculations.

In summary, based on our preliminary analysis we consider the following homes and jobs may be delivered on the Old Oak Common site as result of the proposed transport improvements:

- Approximately 10,500 new homes
- Approximately 45,000 new jobs

Gross Value Added (GVA)

Based on the amount of developable land and applying a blended average employment density of 25 m² GEA per employee for mixed use floorspace generates an estimate of around 40,000 new jobs when Old Oak Common is fully built out.

This figure is a gross estimate and does not take into account what might have happened in the absence of transport improvement – in which case there might have been some employment generated, albeit at a much reduced scale. On the other hand, the estimate does not take into account the wider employment benefits that will be captured in the wider area via the multiplier effect.

The impact of the 40,000 increase in employment on Gross Value Added (GVA) is estimated at £2.9bn, assuming that GVA of a worker is £71,300 for Hammersmith and Fulham.

In addition, there will be revenue implications in the form of higher tax revenues mainly from income and corporation tax that will accrue to the national government and through council tax that will accrue to local government.

Uplift in Land Values

We have also undertaken a very high level, initial assessment of potential land value uplift in relation to Old Oak Common following the creation of new HS2 and Crossrail Stations.

This initial commentary is based on our knowledge and experience of development land values achieved across greater London rather than any detailed analysis due to time constraints. However, it provides an indication of potential land value uplift that the changes in accessibility might generate.

We would strongly recommend that a more thorough and detailed valuation is undertaken to provide a more accurate analysis of the potential development values that could be achieved on the site. The figures set out below do not constitute formal valuation advice and are provided for illustrative purposes only.

The southern part of the Old Oak Common site (Zone 2) is currently occupied by significant rail infrastructure, whilst the northern half of the site (Zone 1) is currently occupied by industrial warehousing and traditional industries in multiple ownership.

Based on these existing uses, from previous experience an approximate aggregate land value range of between £500,000 to £1 million per acre would seem reasonable for a site of this size and location. This equates to a total existing site value of between approximately £70 million to £140 million.

Upon completion of the HS2 and Crossrail stations, based on recent site values estimated for comparable regeneration redevelopment sites, it is our initial view that aggregate land values of around £5 million and £10 million per acre could be achieved.

Based on these assumptions, the total 58 hectare site could generate a future value in the region of between £700 million to £1.4 billion. (These figures do not include site remediation costs, infrastructure costs or other related development costs).

It will take a considerable time for the full development value of the site to be realised and the aggregate value may vary between different parts of the site. Clearly, at this stage, these figures are a very early estimate and further detailed work should be undertaken to provide further clarification on potential values. However, we hope that the above figures provide a useful initial indication of the potential land value uplift that could be achieved.

Economic Benefits of Crossrail at Kensal Green

Locating a Crossrail Station at Kensal would unlock the development potential of land adjacent to the station, although the scale of this potential would be restricted by the amount of land available for development. There are 12 hectares of land available which is approximately 21% the size of the development potential at Old Oak Common.

We have conducted a preliminary analysis of the potential number of jobs and homes that could be realised at Kensal as a result of locating a Crossrail Station there, which would realise the following:

- Approximately 2,500 new homes
- Approximately 5,800 new jobs

The increase in employment would boost the Gross Value Added (GVA) of the local economy by £0.4 billion, based on a GVA figure of £71,300 per worker.

The uplift to land values at Kensal will crucially depend on the end uses of any development that occurs there with residential uses achieving higher values than commercial uses. It is very difficult to make a direct comparison with Old Oak Common in terms of the average values per acre that will be achieved across each site as this will crucially depend on the mix and the density of use. It is likely that the uplift in land values will be of the same level of magnitude in percentage terms.

Economic Benefits

Conclusions

In conclusion, from our initial high level assessment of the development potential of the Old Oak Common site, we consider the following key economic benefits can be highlighted:

1. The HS2 and Crossrail proposals will provide a significant step change in public transport accessibility not witnessed in recent years anywhere in the UK with the potential for local, national and international connections for Old Oak Common and the rest of London.
2. Lessons from Stratford, Paddington, Kings Cross and Canary Wharf and our initial site specific analysis suggest that the regeneration benefits from the proposed level of infrastructure improvements to the Old Oak Common site could be significant.
3. London's Central Business District (CBD) very much relies upon adjacencies and clusters of activity and it would therefore be dangerous to assume that Old Oak Common may be a new destination / satellite extension or might attract any significant investment from the financial centre, such as has occurred at the Isle of Dogs. However, we envisage that this location could attract a significant level of investment from service sector companies and sectors such as knowledge based industries, firms which are associated with accessibility and those with those links to the freight / aviation industry. This will be in addition to those which might take advantage of the ability to establish themselves in a new location in London.
4. Recent events have shown that despite changing economic circumstances, London has remained the focus for significant levels of inward investment probably more than any other centre worldwide. Because of the protected fringe areas (i.e. Green Belt), there has been a shortage of sites to accommodate this investment activity, particularly in west London. In our view, the combined stations will provide the impetus to attract inward investment, providing of course the masterplanning exercise is allowed to proceed and enhance the vision for the site.
5. The HS2 and Crossrail stations will also provide the opportunity to provide significant numbers of new homes and associated mixed use development which via good masterplanning, could significantly repair the damage caused by historic interventions of transport infrastructure into this part of west London.
6. Moreover, the very high level of accessibility will provide the conditions suitable for substantial high density neighbourhoods, which whilst not attracting super prime values will enable a range of housing types to meet the demands of all parts of the residential market.

Appendix 1
Indicative Development Capacity Analysis
Preliminary Findings Summary Table

Appendix 1 Indicative Development Capacity Analysis Preliminary Findings Summary Table	OLD OAK COMMON		
	Zones 1 + 2	Zone 1	Zone 2
		Old Oak North	Old Oak South
DEVELOPABLE AREA (HECTARES)	58	40	18
PLOT RATIO	3.3	3.0	4.0
TOTAL DEVELOPMENT FLOORSPACE (SQ M GEA)	1,920,000	1,200,000	720,000
RESI NON RESI RATIO (%)	40 / 60	60 / 40	1 / 9
RESI FLOORSPACE SQ M GEA	792,000	720,000	72,000
HOMES*	10,560	9,600	960
RESIDENTS**	24,710	22,464	2,246
DENSITY (HR / HA)***	455	600	133
NON RESI GEA SQ M	1,128,000	480,000	648,000
JOBS****	45,120	19,200	25,920
Indicative Land value range assuming infrastructure in place (£million per acre)*****	£5m - £10m	£5m - £10m	£5m - £10m
Total Developmnet Land Value (£m)	£700m to £1.4bn	£490m to £990m	£220m to £440m

*Assumed 75 sq m GEA per unit

** Assumed 2.33 residents per unit as identified as London Average (Source: Communities: Housing and Planning Statistics 2010)

*** Assumed 2.5 habitable rooms per unit

**** Assumed average 25 sq m GEA for non-residential mixed use floorspace as per GLA methodology.

***** Based on current indicative aggregate development values. Does not include development costs or costs of infrastructure.

This is our Vision: for Park Royal City International



Park Royal

Old Oak Central

Kensal

... and for Old Oak Central, the UK's transport Super Hub



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