

# Big opportunities, small sites

Delivering London's housing  
supply through small sites

May 2018



Kinleigh Folkard & Hayward

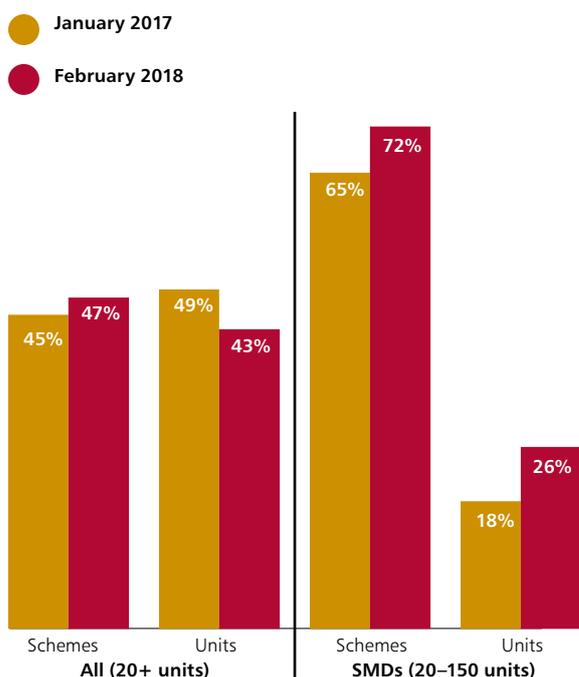
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Ambitious housing targets in the Draft New London Plan, alongside a firm commitment to the Green Belt, mean that increasing density and identifying small sites have become key strands of delivery.

Outer London: SMDs make up a growing proportion of the pipeline over past year



Source: dataloft using EGi February 2018  
\*small and medium-sized developments (20-150 units)

## Introduction

With the new London Plan due for publication in the autumn, we analyse the role of small and medium-sized developments (SMDs)\* in London's housing market and report on some unique analysis of where developers should go hunting for opportunities.

## Ambitious new housing targets

The Draft New London Plan target for new homes is likely to be set at 64,935 per annum over the next ten years (2019/20 to 2028/29). This is 35% higher than the current target and 50% (32,467) will need to be affordable. Developers will be expected to maximise affordable housing delivery on their sites. Off-site or cash in lieu will only be accepted in exceptional circumstances. The net addition to housing stock was 39,560 in 2016/7, including change of use and conversions as well as new builds. It fell 25,375 short of the new targets.

## Focus on small sites

The Plan encourages developers to seek out opportunities on small parcels of land. Indeed the Mayor has forecast that 24,500 of the annual target could be accommodated on sites of less than 0.25 hectares. These would be schemes with fewer than 25 units.

## London's changing pipeline

We analysed SMDs (between 20 and 150 private units) and found clear evidence of a shift towards smaller developments. The number of schemes in the pipeline has risen by 31% over the last year, while the number of units has risen just 14%. At the end of February, there were 245,463 units in 1,347 schemes.

In Outer London in particular, SMDs are a significant element of the new homes pipeline, representing 72% of schemes and 18% of the units (27,454).

In February, the Mayor launched a pilot programme with Transport for London with the aims of making small publicly-owned sites accessible to small builders and increasing the number of genuinely affordable homes.

## Optimising density

The Draft New London Plan makes it clear that residential developments should look to optimise density and make the most efficient use of land with a design-led approach. Planning permission should be refused for schemes that fail to do so.

We consider the implications of the new density policy on page 4 of this report.

# 36%

of the Draft new target is located in **Outer London**

Source: GLA, Draft New London Plan

# 27,454

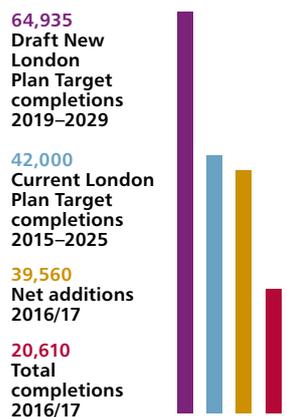
units in Outer London's pipeline are on SMDs (20-150 units)

# 72%

of schemes in Outer London boroughs are on SMDs (20-150 units)

Source: dataloft/EGi February 2018

Step change in housing delivery required to meet new targets



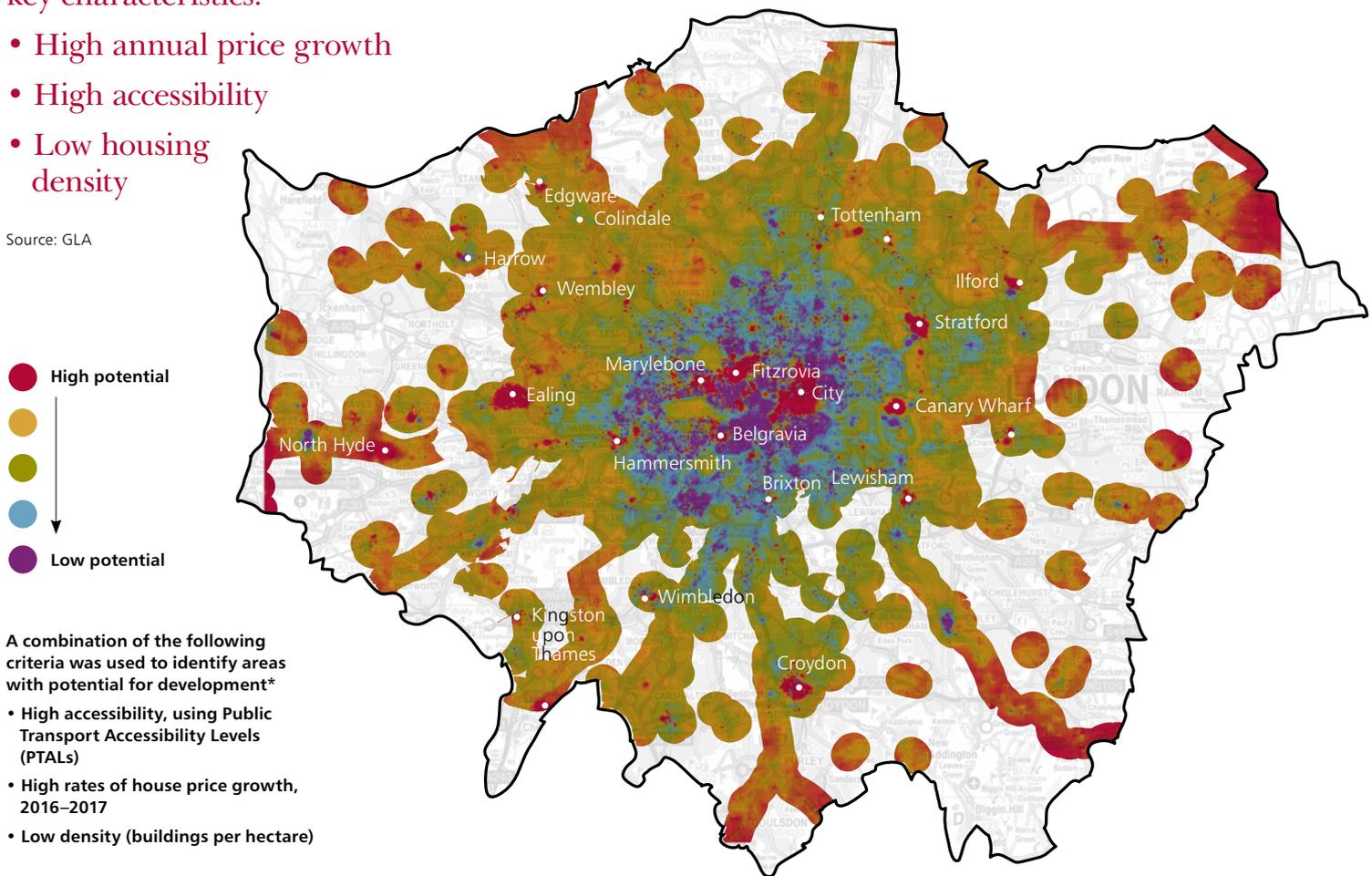
Source: dataloft using DCLG, ONS, GLA : London Plans (current and new draft)

# Where should developers focus their hunt for SMD opportunities?

Our analysis identifies areas of London which score highly on an aggregate of three key characteristics:

- High annual price growth
- High accessibility
- Low housing density

Source: GLA



A combination of the following criteria was used to identify areas with potential for development\*

- High accessibility, using Public Transport Accessibility Levels (PTALs)
- High rates of house price growth, 2016–2017
- Low density (buildings per hectare)

\*Subject to site availability. The three variables were weighted equally.

## Five hotspots with high potential for development

Our research pinpoints areas that combine good transport accessibility, with high price growth and low building density. The hotspots in red are highly localised but suggest potential for growth and opportunity in the wider area.

	2016–2017 Average house price growth (in postcode hotspots)	Density (buildings per hectare)	% of pipeline in SMDs February 2018 (Borough level figures)
Croydon	29%	33	79%
Ealing	24%	31	78%
Edgware	21%	34	70% *
Ilford	15%	46	78% **
Kingston upon Thames	22%	31	50%

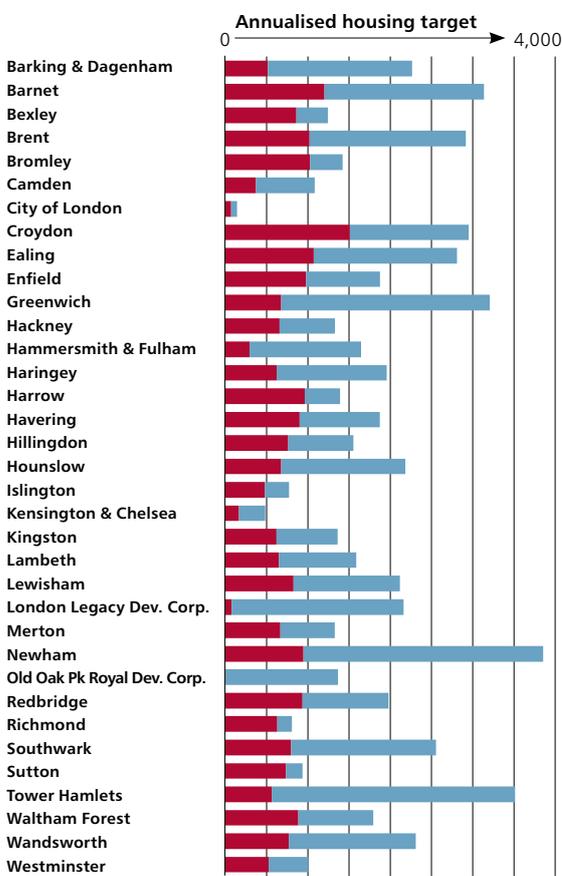
Source: dataloft using TfL, Land Registry, GLA and Open Source

Source: dataloft / EGi February 2018

\*Barnet for Edgware \*\*Redbridge for Ilford

## Annual housing targets: proportion of small versus medium/large sites

● Small sites  
● Medium and large sites



Source: GLA

## Will a new density policy deliver more homes?

London is one of the world's great global cities and yet, in terms of density, it remains more open than most. The Mayor is determined to preserve the Green Belt while creating homes for its expanding population. Increasing density is seen as the answer to delivering new homes when land is constrained. Current policy set out in the Sustainable Residential Quality Matrix (SRQ) with ranges based on a typology of locations (suburban, urban or central).

Yet in almost every year since 2004, the densities were breached by the majority of developments. The Mayor has removed the matrix from the new Draft London Plan and will be led more by design and infrastructure. Area-based evaluations will be required to assess the location, including its infrastructure, to determine the most appropriate form of development.

Densification of Outer London is more likely to mean four or five-storey development around transport nodes rather than towers. Create Streets\* has led the way in promoting high-density, low-rise development. All but seven of London's boroughs have tall buildings in their residential pipeline according to New London Architecture (NLA) in their 2018 Tall Building Survey. The survey highlighted that nearly one third of the entire pipeline is in outer London, in Zones 3,4 and 5, particularly in Opportunity Areas and around transport connections, which in principle are considered suitable locations for tall buildings.

Given the focus on increasing density and bringing forward smaller sites, places that are well served by public transport but are currently low in density will inevitably attract attention. Our analysis, overlaying house price performance highlights the best places to start searching for small site opportunities.

\*Create Streets is a lobbying group that seeks to promote the delivery of high quality development at high density. They produce research, lobby for policy change and advise communities, developers, landowners and councils.

# 35%

of large sites are in control of public sector

# 38%

of Draft New London Plan housing unit target is on small sites (below 0.25 ha)

Source: GLA

### National Policy News

On 5th March, the Government published draft revisions to the National Planning Policy Framework. The biggest overhaul of planning in six years, it includes the implementation of policies outlined in last year's White Paper, including pressing housebuilders to build more homes and to reduce land banking. Viability was a key issue, with draft Planning Practice Guidance on viability also published.

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