

# ACTION STATIONS

The impact of Crossrail on residential property  
in central London



THE CROSSRAIL INDEX  
CENTRAL STATIONS EXAMINED  
FORECASTS

# 2013 CROSSRAIL

The impact of Crossrail on residential property in central London

"Residential prices surrounding central London Crossrail stations have outperformed local markets over the last five years."



Gráinne Gilmore, Head of UK Residential Research

# 10%

Increase in London's rail transport capacity when Crossrail opens

**Crossrail is the most significant infrastructure project in London in nearly two decades, and is set to increase London's rail transport capacity by 10% when it opens in 2018. This will be the single largest uplift in capacity since World War II. Passenger numbers are expected to be in the region of 200 million a year. The dramatically faster travel times that will be possible once Crossrail opens will make central London more accessible to a greater number of workers, but will also make Crossrail's central 'hubs' more attractive for residents given the increased ease with which they will be able to travel across the city.**

In this report, we focus on the effects that Crossrail has already had on residential property prices around its stations in central London, as well as forecasting how prices will perform in the years leading up to the opening of the new service. While property values close to Crossrail stations will be boosted by reduced travel times, the regeneration and re-development of some stations will also play a part, enhancing the appearance of the area above ground. In fact, Crossrail is set to develop about 3 million square feet of office, retail and residential space across central London alongside private developers.

To assess property price performance, we have concentrated on the areas within a 10 minute walk of the major entrances to each station from Paddington to Whitechapel since the Crossrail project received Royal Assent in July 2008. The exception is Canary Wharf, where the radius is extended

to 1km, given the location of the new station entrance. While this report focuses on property within this distance, we are not discounting the value uplift which may benefit properties situated slightly further away from the station entrances.

In some areas the outperformance of average prices within this 10-minute 'walkzone' radius since 2008 has been more noticeable than others. When analysing these price movements, it is necessary to take into account other factors affecting the market in the past five years, not least the natural recovery in central London property values from the sharp downturn in the wake of the financial crisis, as well price movements due to other local dynamics.

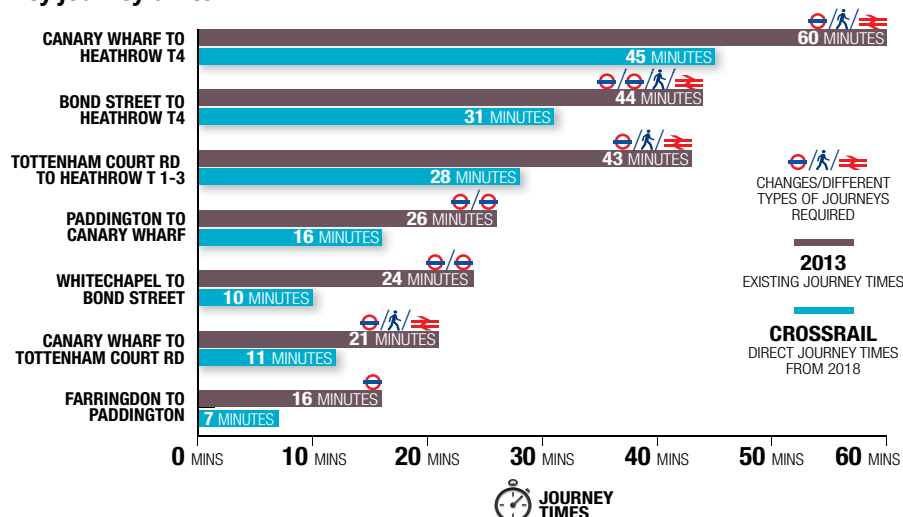
Where areas are not included in our prime central London Index, such as Canary Wharf or Whitechapel, or have only recently been added to it, such as Farringdon and Liverpool Street, we have measured the performance of house prices against those in the wider local authority.

In the coming years, the drivers pushing prices will vary from station to station. For example, Farringdon is set to become a major transport hub as it will be the junction for Crossrail and Thameslink, the train service running from Bedford to Brighton, which is also undergoing major upgrades and is set to be completed in 2018. At Tottenham Court Road station, the impact of regeneration around the new station is expected to have a big impact.

We will continue to track the price movements within these walkzones and measure them against price movements in wider London. This central Crossrail price Index will be updated at fixed intervals between now and 2018, and beyond.

Figure 1

## Key journey times



Source: Knight Frank Residential Research/TFL/Crossrail

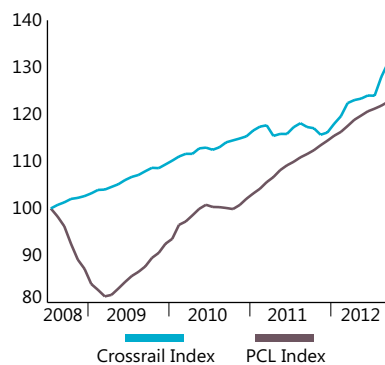
# The Crossrail Index

An analysis of price movements of houses within a 10 minute walk\* of the major entrances to each central Crossrail station shows that values have risen by more than 30% since Crossrail was granted Royal Assent in 2008. Property values in these areas have not only outperformed average London prices, but also the price growth seen across all prime central London (PCL) areas. Indeed, the Crossrail Index outperformed the PCL Index by 8% between 2008 and 2012.

As figure 2 shows, prices in the 10-minute walkzones held up much better than PCL in the wake of the financial downturn. Since none of the central London Crossrail stations will be opening in completely 'new' areas – instead upgrading existing tube stations, or opening close to them – to some extent this price resilience will have been due to the attraction that proximity to underground stations already afford. But we expect that this outperformance will continue in the years

to come especially as the opening of Crossrail draws nearer and the prospect of dramatically reduced travel times (see figure 1) on modern, hi-tech trains comes closer to reality.

Figure 2  
**How prices compare: Crossrail Index vs prime central London (PCL) Index 2008-2012**

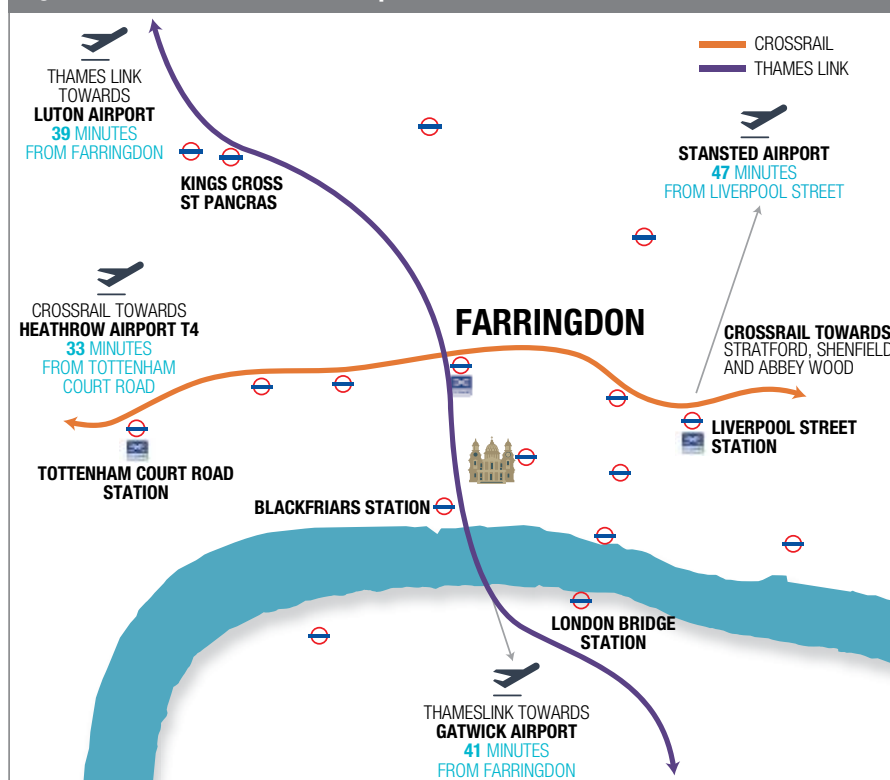


Source: Knight Frank Residential Research  
\*1km for Canary Wharf

# 7,929

Total number of private units with planning, under construction or recently completed in central London station walkzones

Figure 3 **Crossrail connections: airport travel times**





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## Stations

### Farringdon

**Residential property in Farringdon and Clerkenwell is set to reap some of the biggest benefits from Crossrail. The arrival of the high-speed service will make Farringdon one of the biggest transport interchanges in the capital, (as shown in figure 2) linking Crossrail to Thameslink.**

The area will not only benefit from a major uplift to commercial activity as a result but also residential activity, with more than 500 private units recently completed, under construction or with full planning within a 10 minute walk of the station entrances.

There are plenty more proposed schemes in the pipeline. The area has become more desirable among residents in recent years, not only for its proximity to the City and the South Bank, but also as a result of widespread regeneration and re-development, from the overhaul of Exmouth market in the west to the construction at One New Change in St Paul's over in the east, introducing 7-day a week shopping to the city for the first time.

These new dynamics are reflected in the outperformance in prices compared to the wider Islington area. Looking forward, we expect residential prices in this area to outperform growth in wider prime central London by 1% a year (see page 7)

**Forecast additional uplift per year: 1.5%**

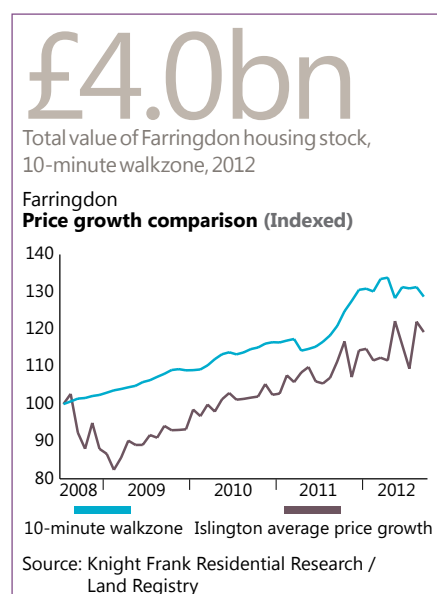


Figure 4  
Central Crossrail stations: 10-minute walkzones



### Paddington

**Paddington is already a major transport interchange, with train services to all areas of the South West of England, as well as high-speed trains to Heathrow, making it an attractive residential location for those who need frequent access to these destinations.**

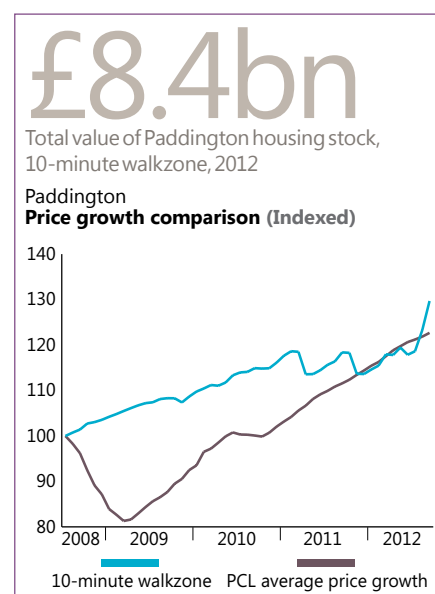
Crossrail will only enhance this attraction, as when the rail line opens, those who need to commute across to the City will see their journey time to Farringdon more than halved to 7 minutes. The train to Liverpool Street station will take 9 minutes, compared to a current journey time of 21 minutes, while Canary Wharf will be directly reachable in 16 minutes. At present such a trip across town necessitates at least one change on the tube, and takes between 24 and 27 minutes.

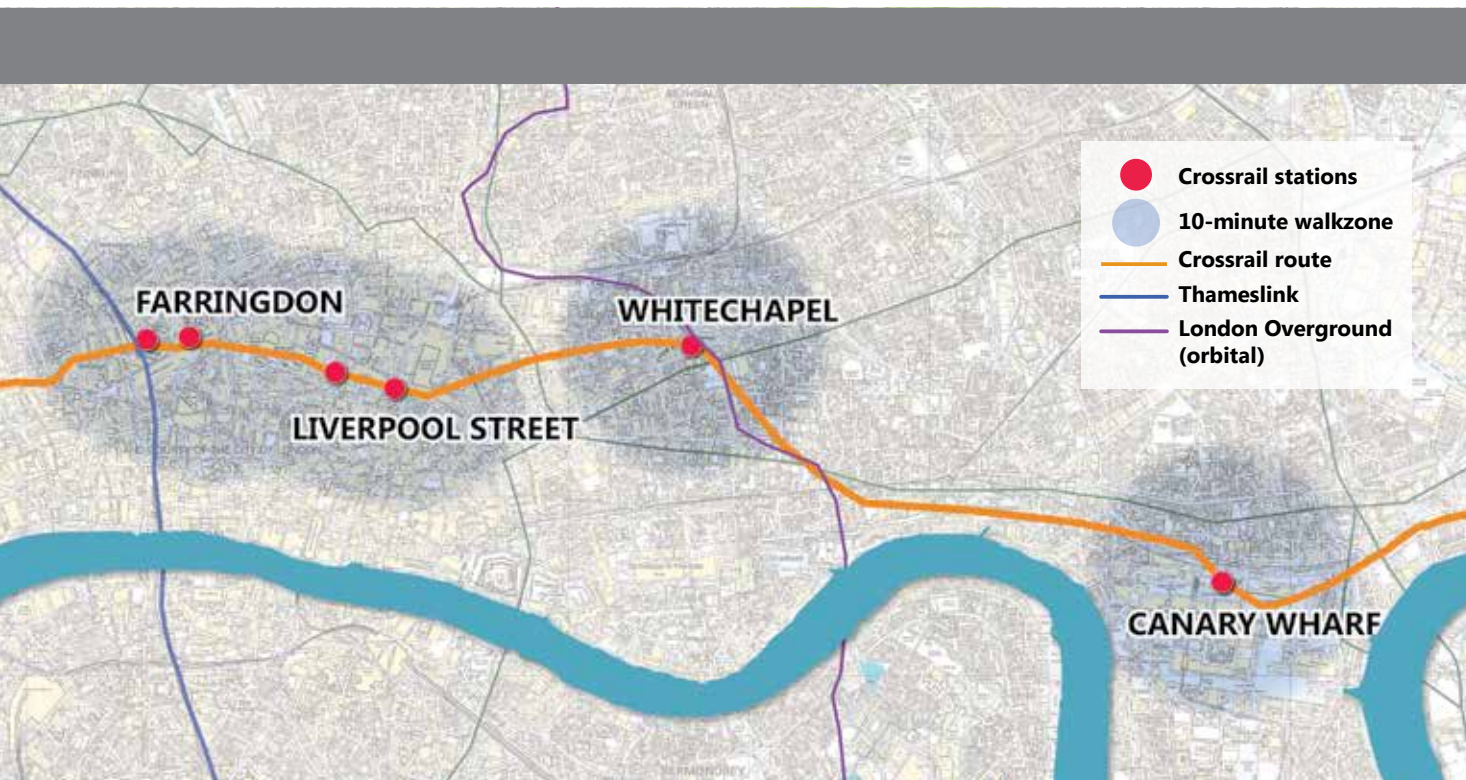
The new Crossrail station is situated close to Paddington Waterside, an area which has undergone large-scale urban renewal since 1998, including more than 2 million square feet of commercial space and 1,100 residential units.

There are currently more than 1,000 additional private residential units with planning or under

construction within a 10 minute walk from the station, underlining the large-scale regeneration taking place in this area. When looking at price growth since 2008, these local factors should also be considered, and as the regeneration of the area continues, prices will be further enhanced.

**Forecast additional uplift per year: 1%**





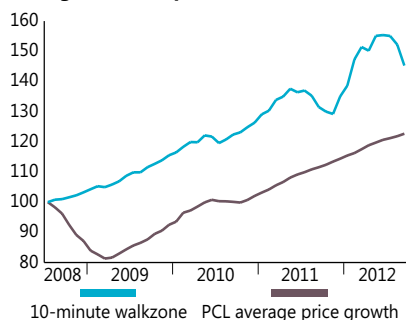
## Bond Street

# £4.9bn

Total value of Bond Street housing stock, 10-minute walkzone, 2012

Bond Street

Price growth comparison (Indexed)



**Residential property prices within a 10 minute walk of each of the Crossrail station entrances (on Davies Street and the corner of Hanover Square and Tenterden Street) rose by 45% between mid-2008 and late 2012, far outperforming the 22% price growth seen in Knight Frank's prime central London Index over the same period.**

The desirability of this key prime central location, with an array of high-end amenities on the doorstep is not in doubt, but Crossrail will be an added positive, offering those who live in the area direct access to Heathrow in just 26 minutes, and Canary Wharf in 14 minutes.

New developments, which include residential units, set to be built over ticket halls will give some scope for further price outperformance – there are currently around 230 private units under construction within the 10-minute walkzone.

**Forecast additional uplift per year: 1%**

## Tottenham Court Road

**Along with Farringdon, this area is set to be one of the biggest beneficiaries of Crossrail. Already a transport hub in terms of tube lines, the faster links available from the new rail line will enhance its appeal.**

But it is the regeneration around the station that is set to transform this locality, which reaches from the edges of Bloomsbury through Fitzrovia, across Oxford Street and down to Shaftesbury Avenue. The existing tube station, built nearly 100 years ago, will undergo a complete re-vamp, while one of the new Crossrail ticket halls, a public plaza and oversite development will rejuvenate a formerly unprepossessing junction with Oxford Street.

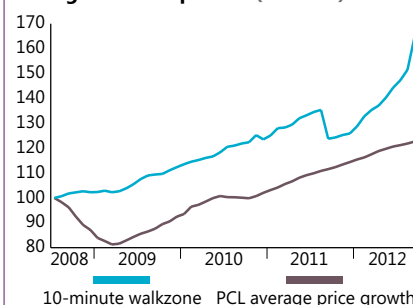
If separate plans are approved for the conversion of Centre Point from commercial to residential, the public realm will be further enhanced by a piazza as well as extra retail outlets, not to mention some of the most centrally located prime residential units in London. There are currently 300 units under construction within a 10 minute walk from the station, around 237 of these are private.

**Forecast additional uplift per year: 1.5%**

# £4.3bn

Total value of Tottenham Court Road housing stock 10-minute walkzone, 2012

Tottenham Court Road  
Price growth comparison (Indexed)



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# 1.2%

Forecast average annual outperformance for central London station walkzones

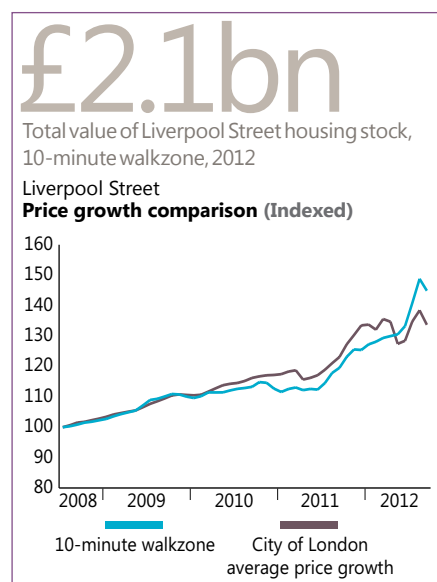
## Liverpool Street

**This station will link Crossrail to Stansted Airport in Essex, and also open up the high-speed rail link to commuters travelling in to the capital from the East of England.**

The station entrances, in Liverpool Street and Moorgate are in the heart of the City. But as well as those just passing through the interchange, the City is becoming of more interest to those who would like to live there – at least for part of the week. This is reflected in the average 93% uplift in the price of new-build property in the EC1 and EC2 postcodes over the last 10 years. It is worth noting that prices in the walkzone, and the wider City have both outperformed the prime central London Index since 2008.

The City of London itself has limited scope for residential development, making schemes in the area much sought-after – but the 'City Fringe' area of Shoreditch, within a 10 minute walk of the Liverpool Street Crossrail entrance, is becoming of more interest to developers and potential residents. In fact, there are nearly 1,000 private residential units with planning or under construction within a 10 minute walk.

**Forecast additional uplift per year: 1%**



## Whitechapel

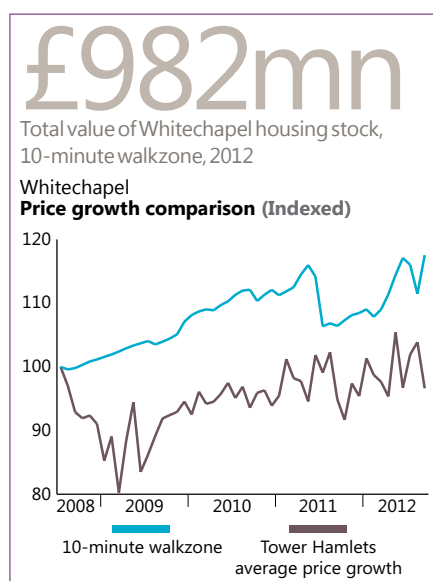
**Average property prices within a 10 minute walk of Whitechapel station have outperformed the average price uplift in the wider borough, climbing by more than 15% since 2008.**

This has not kept up with prime central or prime outer London (POL) price growth, but we expect that prices in this area could catch up, and exceed, POL price growth in the coming years. Whitechapel is set to become a major transport hub, connecting Crossrail to the London Overground orbital route around London.

Crossrail will also mean that Whitechapel has a direct link to Heathrow, with just a 36 minute journey time. In addition, the travel time to Canary Wharf will be cut from 12 minutes on the overland train and then Jubilee line, to just 4 minutes direct, enhancing the area's attraction for workers based in Docklands.

The complete overhaul of Whitechapel station and the upgrade of the Royal London Hospital, just opposite the station, which is due to be completed in 2016, will significantly augment the public realm in and around the station and further boost residential prices.

**Forecast additional uplift per year: 1%**



## Canary Wharf

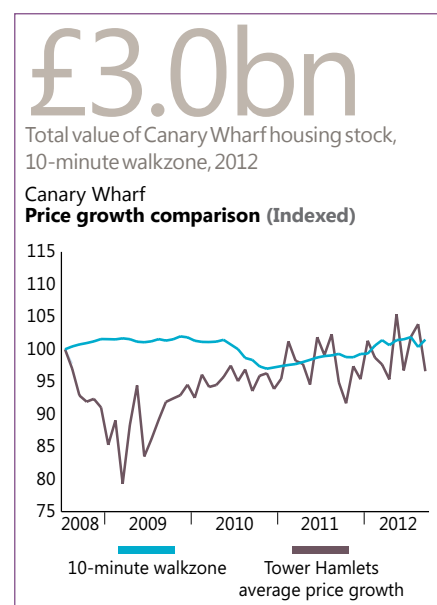
**Canary Wharf has the biggest opportunity for residential development as a result of Crossrail. The improved connectivity provided by the new service, coupled with**

**the speed of services, will enhance what is set to become a major new residential hub in London.**

This is underlined by the number of private units currently in planning or under construction within 1km of the new station, which currently total around 3,200. Adding recently completed units increases the total to around 4,700. While there is an established trend for some who work in Canary Wharf to live nearby, the ease of travelling to west London from 2018, as well as the new development and infrastructure in the pipeline in Canary Wharf itself, will make it a more attractive option for families, whether or not they work nearby.

The high-speed service will also increase the area's office footprint. Canary Wharf Group chief executive Sir George Iacobescu said the arrival of the cross-London rail link could double the number of workers who travel to Docklands to more than 200,000 by 2025.

**Forecast additional uplift per year: 1%**



# 3 million

Number of square feet of residential, office and retail space planned above central London Crossrail stations



## Forecasts

**In the period leading up to Crossrail's launch, we forecast that prices of new and existing homes within a 10 minute walk of the central stations will outperform the wider locality given the dynamics examined in this report, including improved transport times as well as large-scale regeneration.**

Knight Frank's current market forecast indicates that prime central London prices **will rise by 31% by the end of 2018**. The forecast growth within walkzones will be over and above this.

We have expressed this outperformance as an average annual uplift, for example: at **Bond Street station**, we forecast a 1% extra annual uplift, resulting in **a rise of 39% by the end of 2018**. We expect a bigger 1.5% rise for the key hubs of **Tottenham Court Road and Farringdon, resulting in a 43% rise**.

The average uplift across all central stations is 1.2% or **a 40% rise between now and the end of 2018**, as shown in figure 5. As our analysis shows, average prices in all 10-minute walkzones have already outperformed the wider PCL market by an average cumulative 8% since 2008.

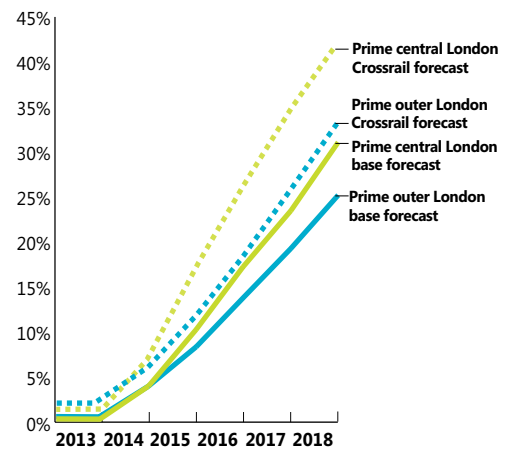
We have based price rises in **Canary Wharf** and **Whitechapel** on our forecasts for prime outer London, which show **a 25% rise between now and the end of 2018**.

The additional 1% uplift per annum will result in cumulative price growth in prices of nearly a third, or 32%, for residential property in the walkzones by the end of 2018.

# 43%

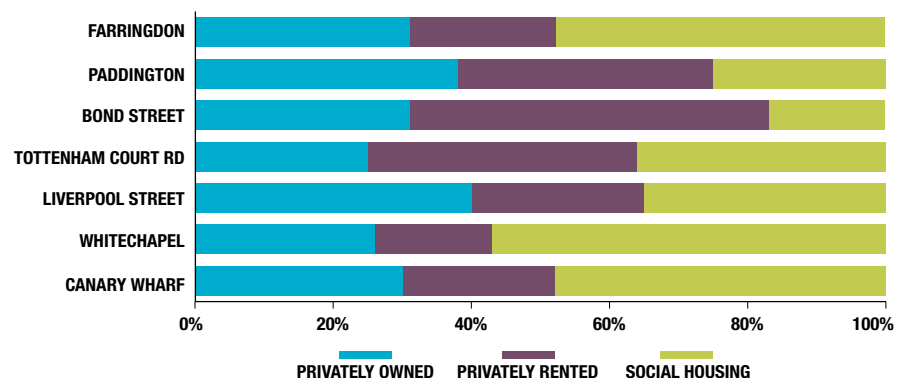
Forecast uplift in residential prices around Tottenham Court Road and Farringdon Crossrail stations 2013-2018

Figure 5  
**Forecast uplift in prices; central Crossrail station walkzones, prime central London and prime outer London**



Source: Knight Frank Residential Research

Figure 6  
**Housing stock within 10-minute walkzones\***



Source: Knight Frank Residential Research / Land Registry \*1km for Canary Wharf  
Data based on postcode stations

"This mammoth project ... will create significant extra capacity to help people travel around this great city, dramatically reducing journey times to support the economic resilience of our capital over decades to come."

Boris Johnson, Mayor of London

## THE REGENERATION FACTOR

**Crossrail will have an impact on values of property surrounding its stations. Yet in some cases, Crossrail will also play a significant role in promoting new development, feeding into the complete regeneration of the locality. Examples of this trend include Custom House, Woolwich, and to some extent, Stratford.**

The sheer scale of pipeline residential development surrounding Custom House station in Royal Docks and Woolwich station in Woolwich Arsenal underline how these areas are being completely overhauled – there are around 9,200 private residential units currently in planning or under development within a 1km walk of the new ticket halls. The extent to which development is bound up in the delivery of the new rail network is underlined by the close involvement of Berkeley Homes in the development of the station at Woolwich – the station will form part of the Berkeley Royal Arsenal Riverside development.

The demand for residential units in these areas will be greatly enhanced by Crossrail, as it will enable much easier, and faster, connections across London. For example, the journey time from Custom House to Tottenham Court Road will be more than

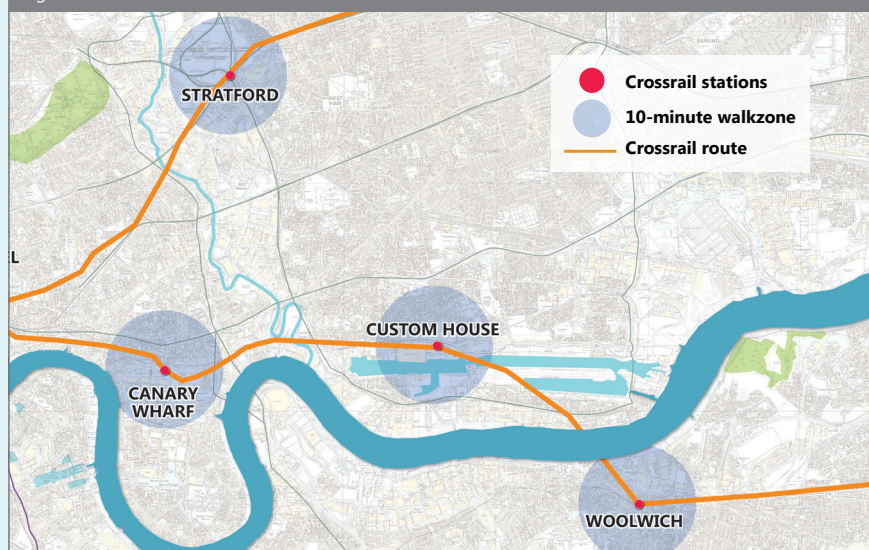
halved, while the trip from Woolwich to Canary Wharf will be cut by ten minutes to just eight minutes. Custom House already benefits from close proximity to both Excel and London City Airport.

At present, Crossrail's major impact is on the development environment – the dynamics of price movements around these stations will be slightly different from stations with high levels of established stock, dictated much more by movements in the new-build market.

Looking at Stratford, the regeneration of this area is well underway, and it already benefits from excellent transport links. But the addition of Crossrail will burnish Stratford's status as a major transport hub, making it attractive to businesses and residents alike.

Between now and the end of 2018, we expect that Crossrail will boost prices in the walkzones around these stations by an additional 1% a year above the base forecast for the wider London market, **giving a total uplift of 29%.**

Figure 7 Station walkzones



Front cover image courtesy of Canary Wharf Group plc

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