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*Housing supply analysis*

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*Connectivity*



# Focus on: Coventry

2020/2021

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# FOCUS ON: COVENTRY

*Up and coming Coventry – awarded UK City of Culture 2021 and witnessing rapid growth in student numbers that are fuelling construction and regeneration – is a place people increasingly want to relocate to.*

House prices have seen double digit growth over the past three years, while a lack of purpose-built student accommodation in the city centre is supporting demand in the private rental sector. The city is also primed to benefit from the upcoming 2022 Commonwealth Games in Birmingham with Coventry set to host three sports.

In Coventry, house prices have risen 17% since the beginning of 2017, outpacing the growth seen in the West Midlands, as well as in London and the wider UK market. Growth has been boosted by an undersupply of housing, employment opportunities, and a growing local economy supported by the development of innovation-led businesses and high-profile employers from Jaguar Land Rover, to Peugeot and HSBC. Despite this, average house prices are £192,346, which is 23% below the UK average. Knight Frank predicts UK house prices will rise 14% between 2020-2024.

Against this backdrop, Coventry's economy is set to outperform most of

the wider West Midlands region over the next decade, according to Experian. The city's gross value added (GVA), a measure of the value of goods and services produced in an area, is set to rise 17% by 2030, outperforming all other local authority districts in the region bar Worcester and Birmingham, which are set to see their GVA climb 18% and 19% respectively.

Analysis of resales during May 2020 show property prices across Coventry and immediate surrounds average £215 per square foot, which compares to £203 per sq ft in Birmingham and £217 per sq ft in Leicester, the two nearest major cities to Coventry. At the top end of the market, looking only at the top 10% of sales by value, an average price of £313 per square foot was achieved during the month in Coventry.

## Demographics and student housing

Coventry boasts a relatively young population compared with the West

Midlands region. Out of the city's total population, 30% are aged between 20-34, compared to 20% for the wider region, according to the ONS. Just 14% of the 371,251 residents are aged over 65. Since mid-2014, Coventry's population has grown 11%.

Data from the ONS, which tracks migration around the UK, also shows the number of people moving into Coventry increased by 27% between June 2015 and June 2019. Closer analysis shows that, in the 12 months to June 2019, 31% of these movers were aged between 20 and 24, with those aged between 25-29 making up 11%.

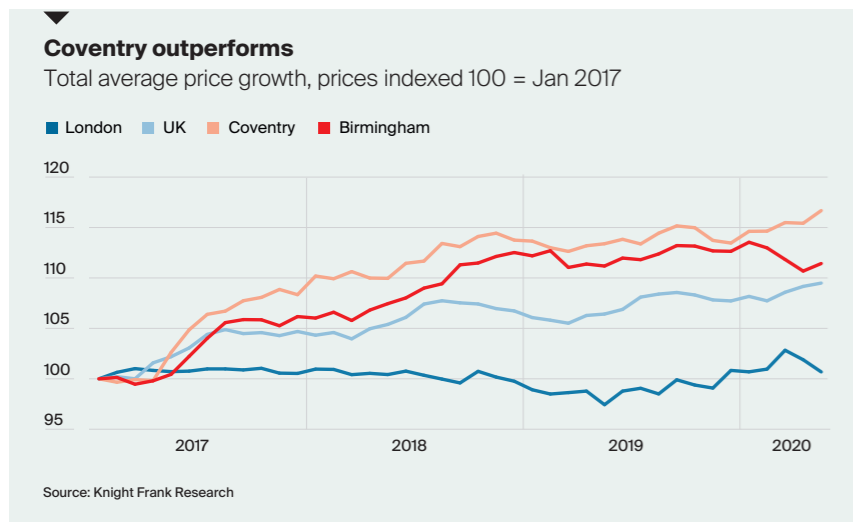
The median age in Coventry is 32.1 years, younger than both London at 35.6 years and Birmingham at 32.6 years.

One reason for this is the city's burgeoning student population. Student numbers in Coventry have shot up by 43% since 2013-2014 compared to 9% across the UK. International student numbers have jumped 28% in Coventry since then, compared to an 8% rise across the UK.

However, despite this large and growing student population, 64% of students in Coventry are unable to access purpose built student accommodation (PBSA), according to Higher Education Statistics Agency data. As a result, there is high demand from students for accommodation in the private rented sector.

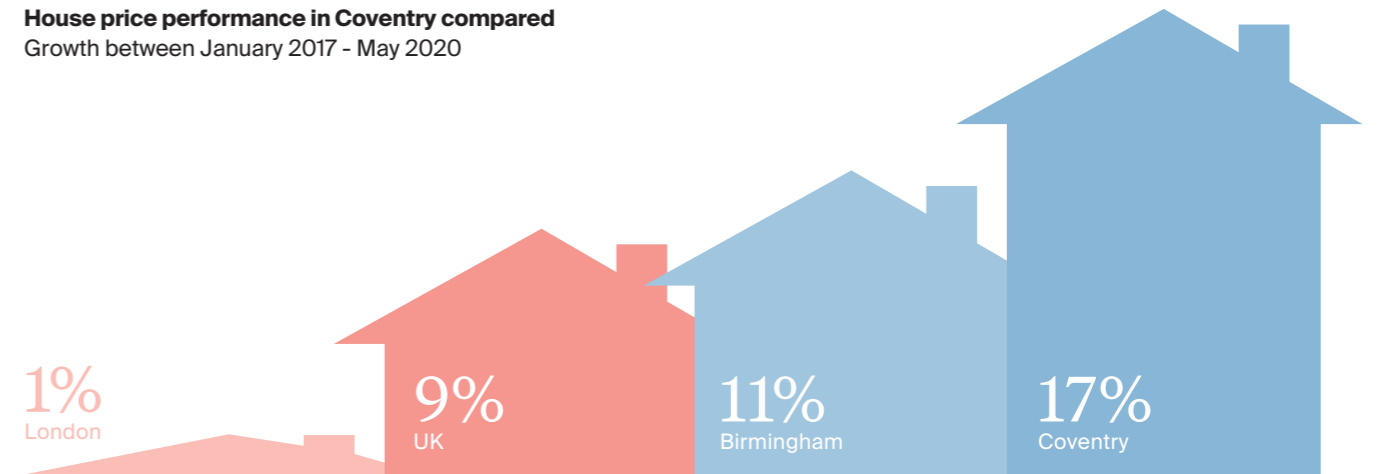
## Pipeline and development

Housing delivery data indicates that over the next decade, Coventry will need to step up to house its growing population. Some 1,499 net additional dwellings were delivered in 2018-19. But



## House price performance in Coventry compared

Growth between January 2017 - May 2020



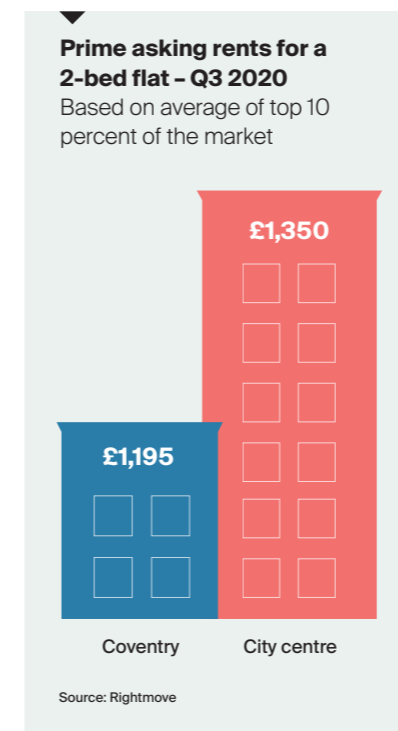
Source: Knight Frank Research, Land Registry

with Coventry's number of households forecast to rise 12% between 2018-2028, according to ONS data, equating to 18,742 new households, and the government's proposed move to set the bar for delivery higher under its new planning proposals, the city will need to expand to house its growing population over this period.

Residential construction in Coventry is currently largely being carried out by housebuilders on the outskirts of the city centre and towards the

metropolitan boundary. Data from construction intelligence provider Glenigan indicates 5,295 units were in the planning pipeline as of September 2020, largely among eight schemes which make up 70% of the total. These are all located either towards the south west of the city close to the University of Warwick or in residential suburbs north of the city centre.

Commercial real estate projects in Coventry include 'City Centre South' which aims to upgrade several areas of the historic heart of the city, including Bull Yard, Shelton Square, City Arcade and Hertford Street. The 560,000 sq ft development will include new retail, a pavilion, a cinema, private and rented residential accommodation and a hotel.



## Coventry boasts a relatively young population compared with the West Midlands region.

Between 1,100 and 1,400 new jobs are estimated to be created, with up to 620 additional construction jobs created throughout the duration of the project.

Just outside Coventry, works began in August this year on a £40m office development based at the 200-acre Prospero Ansty business park with works

due to complete by the end of 2021. Cadent Gas has selected the site for its new headquarters.

## Rental market

Asking rents for a two-bed flat in Coventry during the third quarter averaged £811 pcm, with the top 10% of the market reaching £1,195 pcm, according to data from Rightmove. In the city centre, specifically the CV1 postcode district where Coventry University is based, rents averaged £951pcm, with the top 10% of the market reaching £1,350.

Coventry's rental market is supported by demand from students studying at two of the UK's top-rated universities. Coventry University was named 15th best university in the country this year in the Guardian University Guide 2020, with nearby Warwick University taking 9th spot.

## Local Economy and Employment

Other large local employers include National Grid, E.ON, Coventry City Council, Coventry Building Society, and The Financial Ombudsman Service.

Coventry also has access to key research and development centres, including the Mira Technology Park which is developing the latest automotive

technologies, and the Advanced Manufacturing Centre, which has over 700 employees helping hundreds of companies across a range of industries.

This summer, the West Midlands Combined Authority (WMCA) drew up a £3.2bn investment pitch to the government seeking funds to support scientific and technological research in Coventry, including a digital innovation fund to support Coventry's 5G accelerator hubs.

The funds form part of a wider post-lockdown recovery plan, helping to drive a swift economic recovery to create or protect more than 135,000 jobs and build 35,000 new homes.

The WMCA has also identified HS2, Coventry City of Culture and the Birmingham 2022 Commonwealth Games as opportunities to create jobs for local people by accelerating major infrastructure investment and supporting the recovery of the tourism and cultural sector, unlocking an estimated 33,000 jobs with an investment of £306m.

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**Coventry has taken precautionary steps to safeguard the event in light of COVID-19.**  
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**City of Culture boost**

Coventry is the third UK City of Culture. The initiative, which is administered by the Department for Digital, Culture, Media and Sport, has already brought in hundreds of millions of pounds in investment for former city title holders. It was brought in to build on the success of Liverpool's year as European Capital for Culture in 2008. The inaugural holder of the award was Northern Ireland's Londonderry in 2013 and in 2017, Kingston upon Hull took over the title.

Hull's status as the UK City of Culture in 2017 attracted more than five million people, £220m of investment and 800

new jobs, according to University of Hull research. Its UK City of Culture accolade also accelerated or attracted new funding for major capital projects in the city, with more than £48m invested by Hull City Council in public realm enhancement and major developments of the Ferens Art Gallery and Hull New Theatre.

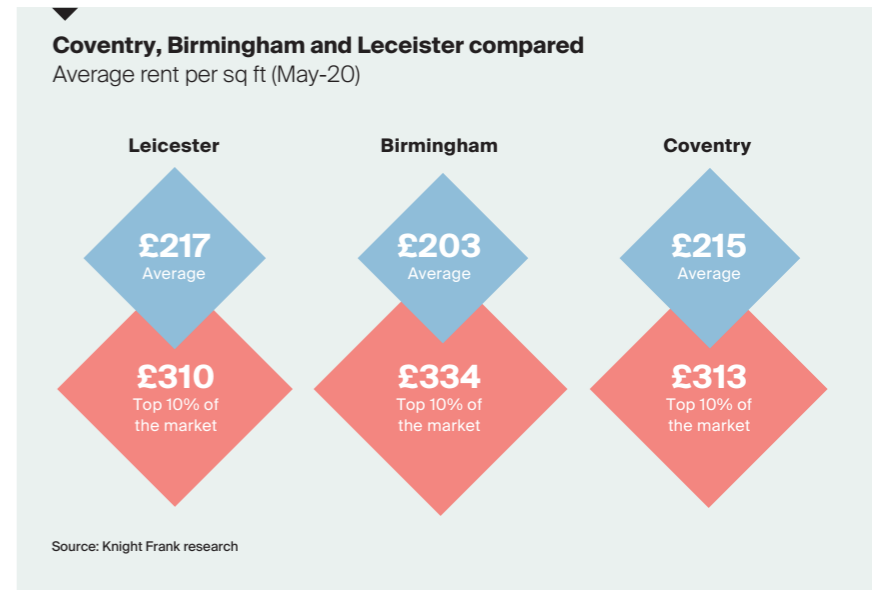
Four years earlier, about £120m was invested into Londonderry as a result of the initiative, according to a City Council report, enabling it to accelerate programmes such as the park-and-ride system and development of the promenade next to the River Foyle. In total, roughly 400 jobs were created.

The accolade is expected to drive similar investment and job creation in Coventry. The West Midlands Combined Authority anticipates the economic benefit could be in excess of £1bn, when combined with the Commonwealth Games.

Coventry has taken precautionary steps to safeguard the event in light of COVID-19. The city has adjusted its plans for UK City of Culture 2021 to

run for twelve months from May 2021. The city has also been awarded a £12m government grant to help kick-start its economic recovery. Half of the money will go to support Coventry's year as UK City of Culture. A large portion of the funds will also go towards plans for a tram network.

Winning the UK City of Culture title at the end of 2017 has already boosted tourism in Coventry. Last year alone, Coventry recorded over 10m visitors. In economic terms the visitor economy was worth £594m last year – a 4.6% increase on the previous year.



**Planning overhaul**

Local Plans, which currently take an average of seven years to be written and agreed, are to be prepared and adopted within 30 months but with increased focus on front-loaded online community engagement. They are to focus primarily on site and area policies with design codes prepared to address the drive for higher quality design and to set height and density rules.

The Plans are also expected to allocate all land within three categories – Growth – Renewal – Protect, with automatic planning permission granted for sites in Growth and potentially Renewal areas.

In recognition of the need to deliver more homes, the government is considering aiming higher and stretching housing targets. The new

standard method proposes to increase the baseline. Previously, this was solely based on household projections. It is

proposed to instead use the higher of the household projections or 5% of stock growth.

**THREE LAND ALLOCATION ZONES:**

**GROWTH**

Where automatic outline permission is to be applied to locally specified land uses and for 'substantial developments'.

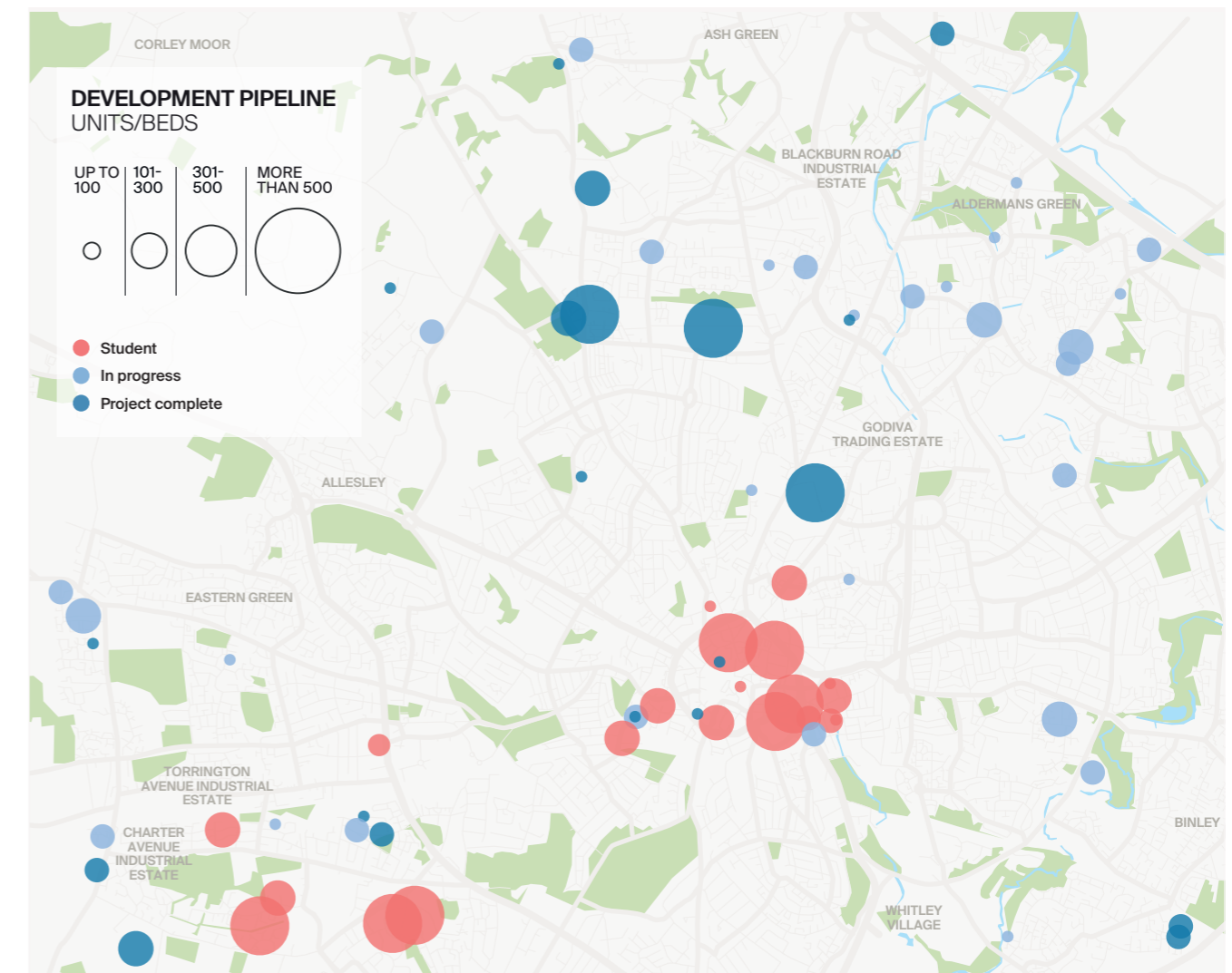
**RENEWAL**

Where gentle densification, smaller scale, infill and town centre developments will be afforded a presumption in favour where these comply with Plans.

**PROTECT**

Where development will be restricted. Includes Green Belt, AONB, LWS, important green spaces and Conservation Areas.

**WHAT'S IN THE PIPELINE?**



# REGENERATION AND INFRASTRUCTURE

*Coventry is poised to benefit from the High Speed 2 rail link from London Euston to Birmingham which was approved earlier this year.*

It is expected to open between 2029 and 2033. The route will pass close to the southern boundary of Coventry between Kenilworth and Gibbet Hill. The nearest HS2 station to Coventry, immediately east of the National Exhibition Centre and Birmingham Airport, is proposed to be called Birmingham Interchange. The additional capacity provided by HS2 will create space on the existing network to introduce faster and more frequent spaces, for instance for commuters between Coventry and Birmingham.

Coventry railway station is also being redeveloped. The £82m project, which includes a new station building and car park, is on track for delivery in spring 2021, according to the council. This summer, the government also released £1.3bn to fund more than

300 'shovel-ready' projects, including the development of Coventry's tram scheme. Following the test programme, a permanent tracked route is planned to be installed across Coventry. The first route will provide a service between Coventry railway station and University Hospital Coventry in Walsgrave.

Another potential route could see the vehicles run from the city centre to Warwick University via the railway station, connecting major job areas with the city centre and station.

The long-term goal is for the rail scheme to become a battery-powered autonomous vehicle that can hold 50 passengers and provide a tube-like service operating at a frequency of three to five minutes.

In terms of housing, the city council has already made changes to its Green Belt boundaries under its Local Plan

to accommodate Coventry's future housing need. The plan includes 2,250 homes at Eastern Green towards the western edge of the city and 3,100 homes in Keresley, about 4.5 miles north of Coventry city centre, alongside new schools and amenities.

In preparation for UK City of Culture events, the council is also revamping the city centre. Improvements include the pedestrianisation of the High Street and more outside seating for cafes and restaurants, an £11m overhaul of the Upper Precinct shopping area to feature more greenery and a water feature, new flexible space for 'pop-up shops' or artwork, and a £2m restoration plan for historic building fronts.

**We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.**



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