



*Housing supply analysis*



*Development pipeline*



*Connectivity*



# Focus on: Newham

**Autumn 2020**

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# FOCUS ON: NEWHAM

*Average property prices in Newham have soared over the past decade, with wide scale regeneration and a new cultural scene attracting younger residents*

The borough of Newham, east London, which played host to the London Olympics, has been transformed over the past decade and is home to the new East Bank district which is already drawing in high-profile names such as the Victoria & Albert Museum and BT Sport, and leading to a significant shift east in London's cultural centre of gravity.

The Olympics helped put east London on the global map. Newham gained tangible benefits including a major station upgrade at Stratford, faster connections into central London, as well as development plans for tens of thousands of new homes, and the transformative £1.1bn East Bank culture and education development in the Queen Elizabeth Olympic Park.

Newham has benefited from improved transport connections, mainly centred on the Stratford interchange, as well as a burgeoning arts and culture scene. Coupled with its relative affordability as a London borough, this has helped draw in younger residents.

Data from the ONS, which tracks migration around the UK, shows the number of people moving into Newham increased by 24% between June 2015 and June 2019.

Closer analysis shows that, in the 12 months to June 2019, more than a fifth (21%) of these movers were aged between 25 and 29, followed by those aged between 20 and 24 (20%), and 30 and 34 (16%).

It means Newham is one of the youngest boroughs in the capital, with the median age of residents around 32 years, lower than London's 35.6. This is reflected in the high number of renters in the area. Newham has the fourth highest proportion of rental households of all the London boroughs at 36%, according to Experian.

Rents in the area are on the rise, with average asking rents for two-bedroom flats in the first half of 2020 reaching £1,457 pcm, up 20% from £1,214 pcm in 2015, Rightmove data shows. By postcode, the E3 pocket to the west of the borough close to the River Lea has seen the sharpest rise in rents for two-bedroom flats during 2015-2020 at 35%, followed by the E20 Olympic Park district at 21% and the nearby E15 area (11%) which also includes Stratford, as well as West Ham and Maryland.

Loughborough University, University College London and Staffordshire University all now have campuses at the Queen Elizabeth Olympic Park,

helping contribute to a burgeoning student population.

The influx of younger residents comes as the borough faces an undersupply of new housing. Developers built 2,678 homes in Newham during 2018/19, according to official figures. The Mayor has said this number needs to increase by more than 20% in order to meet new demand. The new draft London Plan, the Mayor's key strategic document published in December 2019, suggests the borough of Newham will require 3,280 homes every year for a decade.

This undersupply, coupled with the area's attractive new amenities and recent investment into local infrastructure, has supported house price growth. The average house price in Newham has climbed from £194,632 in January 2010 to £356,915 by April this year, a gain of 83%.

Over the past five years alone, a period during which house price growth across the capital has been moderating, average property values in Newham have increased by 28%, compared to 19% across London and 18% in adjoining borough Tower Hamlets, which includes Canary Wharf.

Despite this growth, however, Newham still remains relatively affordable, with values 35% below the London average of £480,425.

## Economy

Newham is well placed in east London to play a key role in the capital's future – both in terms of economic and population growth. The borough is home to major development sites including in Stratford and the Olympic Park; Custom House and Canning Town; and the Royal

Docks, where the council is working closely with the GLA in London's only Enterprise Zone.

The borough's population has also risen rapidly, partly reflecting the influx of new residents in recent years, climbing from 310,460 in mid-2011 to 353,134 by mid-2019, an increase of 14%.

This makes Newham one of the fastest growing London boroughs by population, only outpaced by Tower Hamlets, Camden, Westminster and Islington over that time frame.

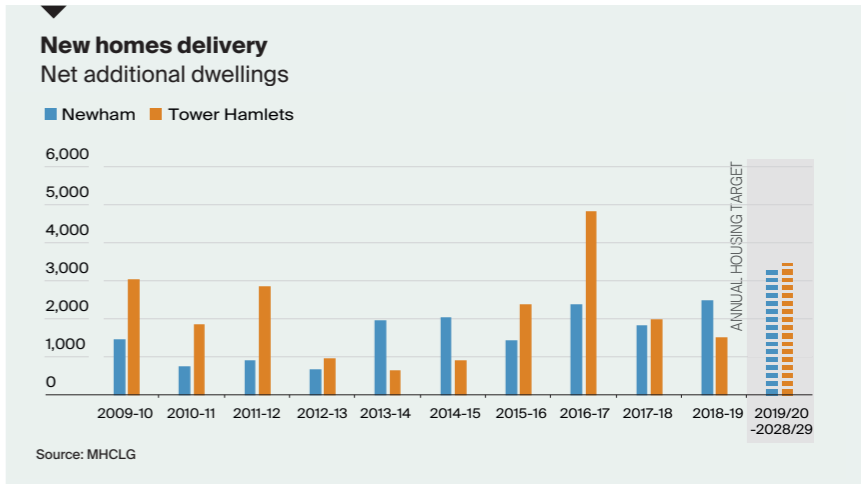
The number of households in Newham is expected to grow 10.4% between 2018 and 2028, according to official figures, from 112,890 to 124,601. Households with two or more adults will represent the largest share at 39%, while households with children will represent 38%.

## Regeneration boost

It has been nearly a decade since the Olympics accelerated regeneration in Newham. Since then, the borough has continued to grow into one of the capital's biggest residential and commercial hubs.

The East Bank project is among a raft of mixed-use schemes still under development in Stratford alone.

One of the first to open in the East Bank district was Here East, which



successfully adapted the Olympics press and broadcasting centre for commercial use. Here East also opened a Canalside restaurant and bar offering in the Olympic Park.

Other high-profile names to make the move to the East Bank include Sadler's Wells Theatre, the BBC, UAL's London College of Fashion, University College London and museum The Smithsonian Institution.

Meanwhile, East Village is one of the UK's largest private rented sector neighbourhoods on the doorstep of the Olympic Park, with a plethora of largely independent retail and leisure operators.

Other initiatives include the mixed-use International Quarter London which is bringing 4m sq ft of commercial development for up to 25,000 people to Stratford, located between the site of the Westfield Stratford City shopping centre and the Queen Elizabeth Olympic Park. It is home to the likes of the Financial

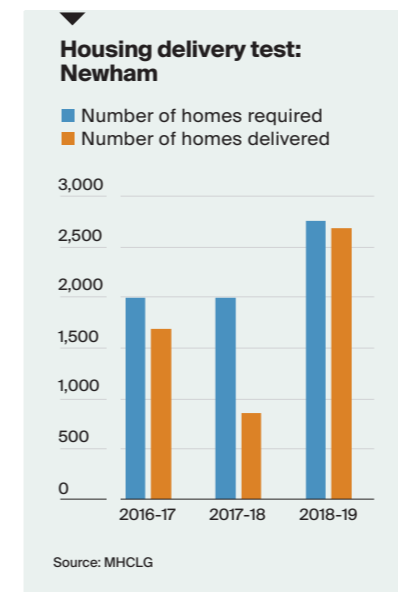
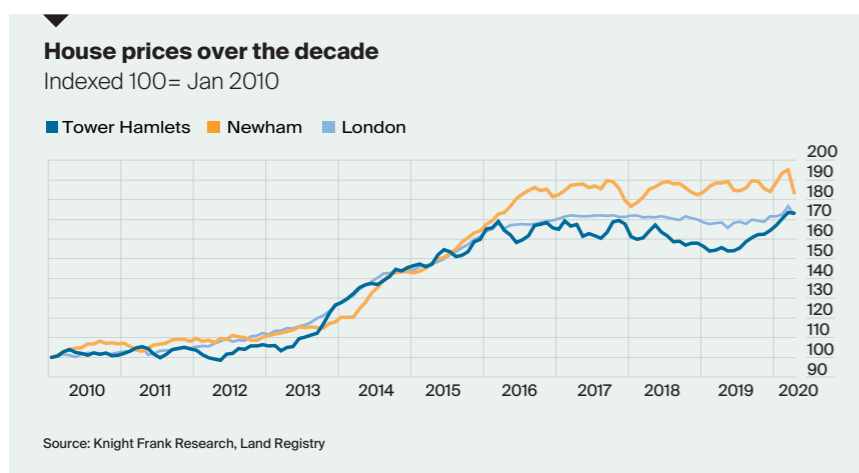
Conduct Authority, Transport for London, Cancer Research and the British Council.

Last year, UK real estate fund manager Frogmore also secured planning for another mixed-use site in Stratford. The proposal for the new site, known as The Yards, is a redevelopment of Morgan House and includes 423 residential PRS units, a 95,000 sq ft office building, a 299-bedroom lifestyle hotel and nearly 33,000 sq ft of independent retail space.

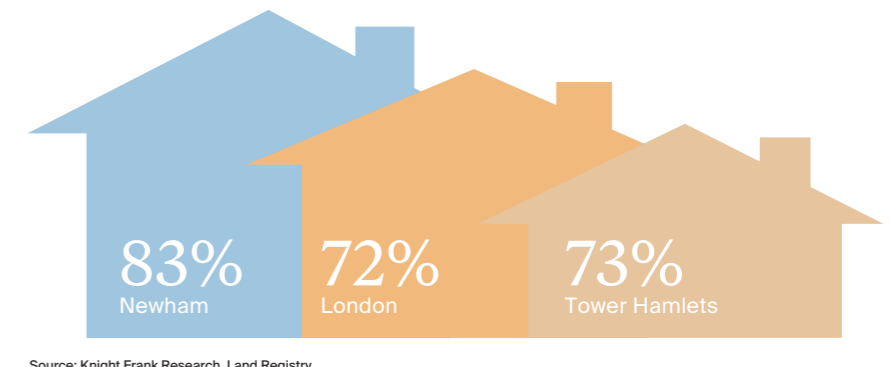
## Green space

As well as ambitious regeneration plans, the borough has expansive green space with access to 23 parks and around 45 green spaces.

There is also extensive access to quality education, with 85 schools rated good or outstanding by the schools watchdog Ofsted.

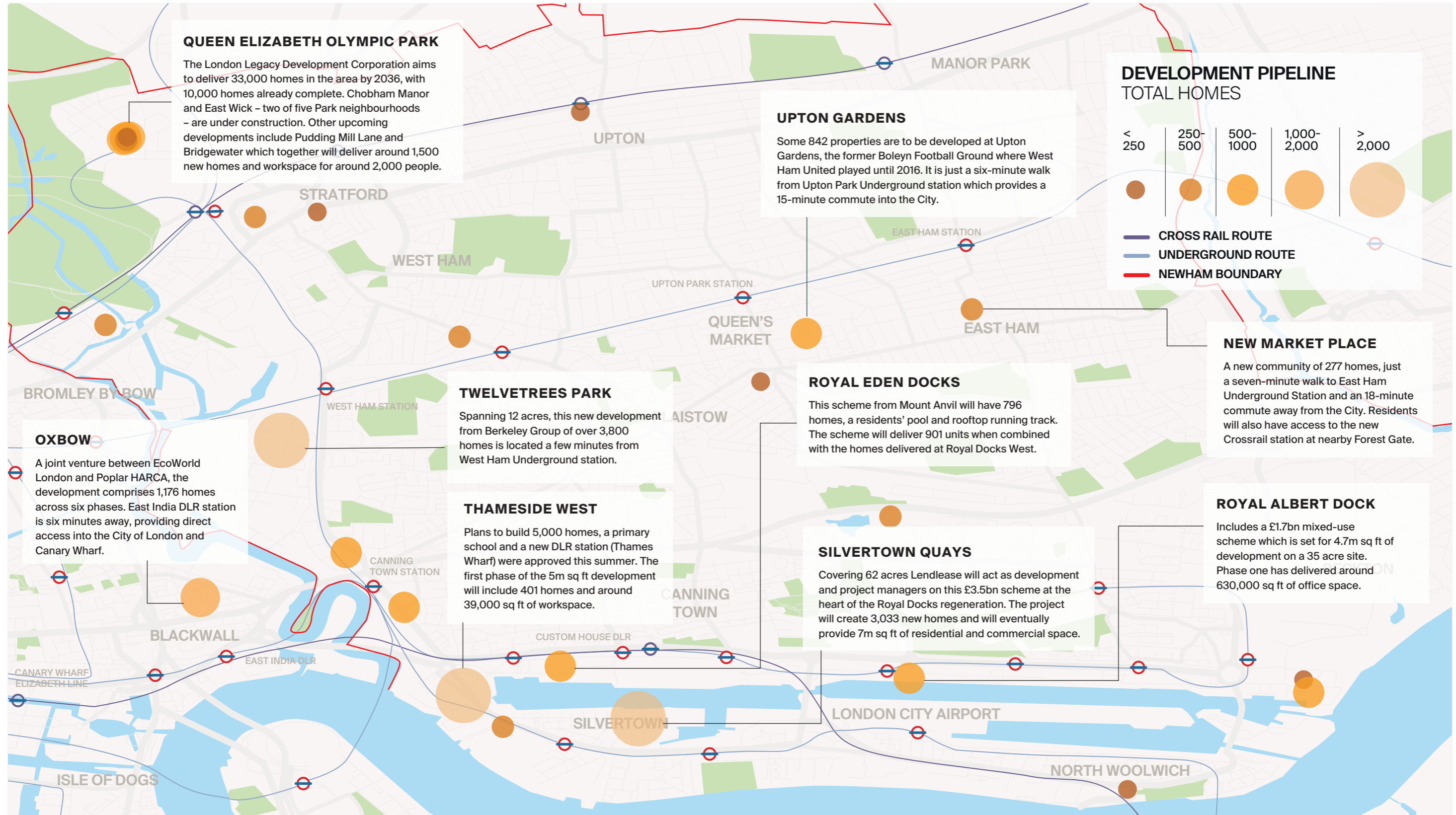


## House price performance in Newham compared Growth between January 2010 – April 2020



# WHAT'S IN THE PIPELINE?

Residential and commercial projects to be delivered 2018–2038.



Source: Knight Frank Research, Molior

# RIPPLE EFFECT

*Prolific commercial development in Stratford has had a ripple effect across the borough*

This summer, Linkcity, the property development arm of France's Bouygues Construction, signed agreements with multiple partners for the £240m (GDV) third phase of the Hallsville Quarter, its regeneration scheme with the London Borough of Newham at Canning Town.

The development will provide 1,100 homes, 323,000 sq ft of leisure and retail space, and 32,000 sq ft of community space and public realm, as part of the £3.7bn Canning Town and Custom House regeneration.

Meanwhile, nearby Green Street and Queen's Market next to Upton Park Underground station, already offer a vibrant food and restaurant scene. The redevelopment of the former Boleyn Football Ground where West Ham United played until 2016, will bring more homes and amenities to the area. Newham Council has committed to invest millions of pounds in upgrading these areas. The council and the Greater London Authority will invest £5.5m to improve and diversify the market, and the council has recently submitted a bid to MHCLG to request an additional £2m to support projects in Green Street.

The council is working with local residents and businesses to develop and co-design a town centre strategy for Green Street. Some of the proposals

they are looking at are designed to attract new businesses into the area. Ideas being considered from residents and local businesses include offering new small, young businesses 50% reduced start-up rent, a specific space for pop up shops to rent and utilising underused car parking space for affordable workspace for Newham residents and businesses.

◆◆  
**A new town centre strategy is being developed for Green Street**

Another major regeneration project in the works is Oxbow near East India and Canning Town stations. The development is being built within the Aberfeldy regeneration zone in Poplar, close to the River Lea. Comprising 1,176 homes across six phases in total, the scheme includes a mix of private sale, build-to-rent and affordable homes.

Elsewhere, a new £13m fund has been launched by the London Mayor and the Mayor of Newham to drive the transformation of Newham's Royal Albert Dock, located close to City Airport.

The Royal Docks is London's only Enterprise Zone and is a joint project between the Mayor, Newham Council and the London Economic Action Partnership.

The Royal Docks and Beckton Riverside areas combined have the potential to deliver 30,000 new homes and 41,500 jobs, according to the new draft London Plan.

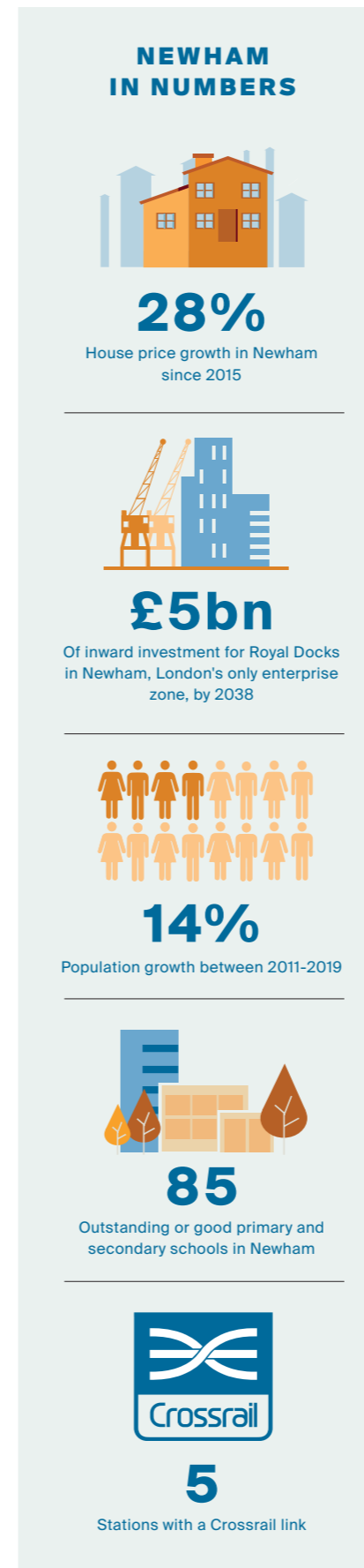
Chinese investment firm Advanced Business Park is redeveloping the Royal Docks as part of a £1.7bn 35-acre regeneration project. ABP is planning to convert newly constructed office buildings into thousands of individual office "cubes" in response to Covid-19, as a fresh take on the flexible serviced office.

More recently, in June, plans were announced to relocate City Hall, currently based on the South Bank near Tower Bridge, to the iconic Crystal Building in the Royal Docks.

The Royal Docks also includes a 117,000 sq ft serviced office and industrial complex which is home to independent businesses across a range of offices, studios and light-industrial workshops. The project is known as Expressway London, in a nod to the Silvertown flyover which sits above it.

**Nearby business hubs**

Newham sits adjacent to the City of London and Canary Wharf financial centres. As supply has dwindled in these markets, particularly for offices offering space of more than 100,000 square feet, neighbouring Newham is ripe for further commercial development.



There are currently just ten options across the entire Docklands and Stratford market that could provide an occupier with 100,000 sq ft or more, according to Knight Frank's second quarter London Office Market Report.

Looking at the development pipeline, there is currently 720,000 sq ft under construction in the Docklands and Stratford market; however, 52% has already secured a tenant. There is 212,000 sq ft due to complete in 2020, notwithstanding inevitable delays.

Supply also remains tight in the City of London. Availability now stands at 7.44m sq ft, which is up 4% on Q1 2020, but this level is still 11% below the long-term average.

And with 56% of the 3.87m sq ft of office space due to complete this year already spoken for, the number of options for businesses will be limited to just a little under 1.71m sq ft.

**Connectivity**

Newham is served by several London underground rail lines, including the District, Hammersmith and City, Central and Jubilee lines. It also has access to five Crossrail stations, three London Overground stations, 20 Docklands Light Railway stations and around 530 bus stops.

The DLR is a key route into Canary Wharf and the City, with key stations in Newham including Canning Town, London City Airport and Royal Albert, which serves the western end of the north quay of the Royal Albert Dock. There are also plans underway to create a new DLR station, called Thames Wharf, between Canning Town and Royal Victoria, as part of the recently approved 5,000 home Thameside West development.

Upcoming improvements include the Crossrail train service from Shenfield, Essex, through Newham and central London to Heathrow and Maidenhead. New TfL Rail trains, which will form part of the Crossrail service when it opens through central London, are being gradually

introduced between Shenfield and Liverpool Street. Once fully operational, the journey from Stratford to Bond Street will take just 15 minutes, down from 23 minutes currently. The new Elizabeth line station at Custom House in Silvertown will reduce the journey time to Bond Street from 30 to 17 minutes.

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**The borough is served by several London underground rail lines and has access to five Crossrail stations**

London City Airport is also located in the borough, accessible via DLR. The airport has a masterplan already in place for growth and development plans through to 2030.

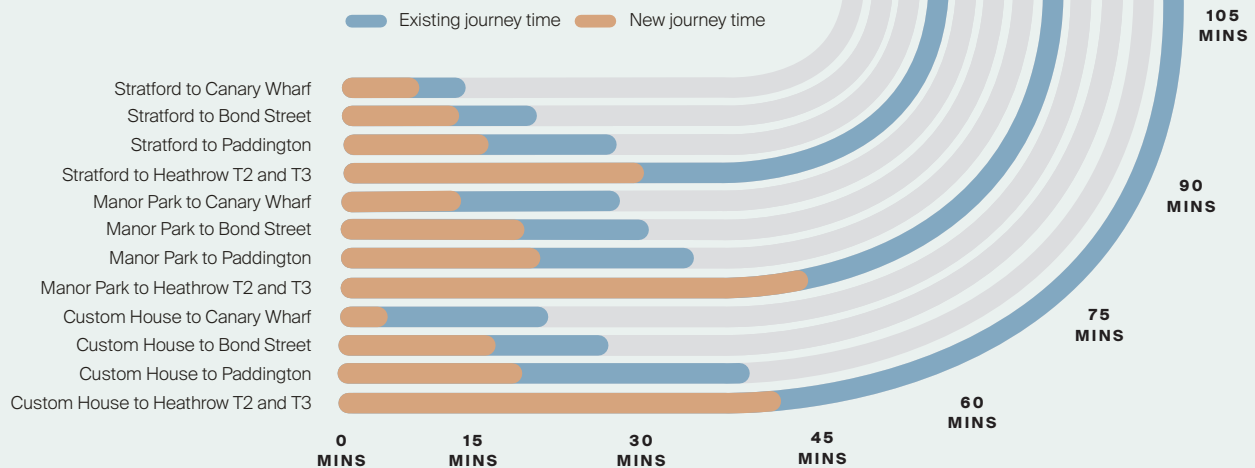
Finally, the area's connectivity could be improved further if the proposed north to south Crossrail 2 route is approved. The Mayor of London has submitted a strategic business case to government for the project. The proposed rail line would link South West and North East London.

Last year, Transport for London also awarded a £1bn contract to the RiverLinX consortium to build the Silvertown Tunnel which will connect the Royal Docks and Greenwich. It will be the UK's first major road tunnel to include a dedicated bus line in both directions.

**Outlook**

Knight Frank forecasts house prices in London will climb 13% between 2020 and 2024, and that rents will rise by 15%. Newham, with its connectivity to central London and beyond, relative affordability compared with neighbouring towns and access to green space, could outperform the London forecasts as it is well placed to gain from the uplift in high-quality new development slated for the next five years, which in turn is likely to attract new amenities and residents.

## DIFFERENCE IN JOURNEY TIMES ONCE CROSSRAIL FULLY OPERATIONAL



Source: Knight Frank Research \*once Elizabeth Line is operational

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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