Patchy urbanisation reveals urgent demographic challenge

Headline global statistics highlighting growing urban populations mask slowing rates of growth in some developed countries and many cities remain woefully underprepared for the unprecedented demographic shifts underway, writes Nick Easen

Our cities matter, they're huge engines of economic power. If Tokyo were a nation it would rank as the 15th largest economy in the world. London's on a par with the Netherlands, while New York is muscling in on Spain and Canada in terms of size. Cities, having powered the global economy for decades, are now facing a fresh challenge: demographics.

Slowing global population growth, falling fertility rates and ageing, as well as diminishing migration from the countryside, mean cities around the globe will struggle to post the kind of growth figures we've seen in the last half century. It's a stark reality.

"We've all grown up with the idea that cities will grow. Yet a third of them could have fewer people in the future," explains Jaana Remes, partner at the McKinsey Global Institute (MGI). "Looking forwards, there will be intense competition among cities to attract people."

The most worrying figure is the drop in young adults, the workhorses of any urban economy. By 2025, more than 60 per cent of large cities in developed countries and 47 per cent in developing ones will have fewer people than today, according to the MGI.

"There maybe one new London created every week, but this isn't evenly distributed. Urban growth isn't everywhere, it's patchy. Most cities in developed countries are growing slowly or shrinking," says Professor Carlo Ratti, director of the Massachusetts Institute of Technology (MIT) Senseable City Lab.

"We're also seeing different challenges in different parts of the world. Building new urban fabric in emerging economies is fine, but we might have too much of it in developed ones."

By 2030, we're likely to have forty-three megacities with more than ten million inhabitants and most will be in emerging economies, according to the United Nations. By this time, India's Delhi will be the world's most populous city. Fast forward to 2050, globally, 68 per cent of us will live in urban areas, up from just over half today. Yet the picture is nuanced.

"On this basis we mustn't overdo the message on urban decline. There will be an evolution in where growth happens. Popular cities such as London or New York, for instance, still have the potential to suck up labour, capital, talent and investment," says Alexander Jan, chief economist at Arup.

"In the future, urban centres that have great infrastructure will be more able to cope with change. Certainly, cities will need to be able to take control of their own destiny, if they're to thrive."

The fact is, like people, cities are extremely complex organisms; dozens of complicated processes are going on simultaneously. Understanding the interplay between housing, workforce, transport networks and technology is an issue. "Whether you want to understand Beijing or Rio, drill down and you find global processes at work," says Terry Clark, professor of sociology at the University of Chicago.

Cities will need to be resilient, agile, innovative and attractive if they're to thrive in the 21st century. But no two cities are the same. "Many urban centres are woefully underprepared for the demographic shifts underway. Cities that fail to adapt risk losing residents, jobs and culture hotspots, all of which make cities amazing places to live," says Steven Charlton, managing director of Perkins+Will, an architecture and design firm

The old and the very young are cohorts that some cities are now focused on. "American cities are becoming more unfriendly to families and are increasingly dominated by wealthy, childless residents," says Professor Clark. Think San Francisco and Manhattan.

Also take London, older people are the fastest-growing demographic, with the number of over-60s projected to reach two million and 20 per cent of the population by 2035. "Models like inter-generational living are starting to show on the radar now," says Amanda Robinson, head of knowledge at Future of London.

"Talented older workers are leaving, while young people may leave unaffordable cities, taking skills with them. Brain drain is already happening as people in their 20s and 30s relocate to other parts of the country with affordable living costs or more family-friendly lifestyles."

The environment is also increasingly on the agenda, yet cities could provide answers since dense, urban living is more resource efficient. "If we're serious about fighting climate change, a lot more people are going to have to live in urban centres with walkable, bikeable neighbourhoods, good public transport, as well as live in apartments, instead of McMansions," says Professor Richard Florida, co-founder of CityLab at the University of Toronto. "A lot of cities remain addicted to cars, sprawl and conservative politics."

Nick Easen is a specialist writer

Since there's no silver bullet for tackling these issues, maybe the best thing for central governments to do is give more control to city authorities so they can decide their own fate. Fiscal devolution, where local governments have more autonomy over taxes and what they're spent on, is one answer.

Our cities will certainly need careful curation if they're to thrive, whether it's providing affordable housing for the young or attracting an older, richer cohort with age-friendly facilities and work.

"Every city will need to do more with less and be mindful of their demographic prospects. One city's loss could certainly be another's gain," says MGI's Dr Remes. "It's all about trying to create a cool centre whether it's Austin, Texas or Singapore."

We also know that technology is likely to disrupt the demographic profile of our future cities; we just don't know how yet. "We need to make sure that any decline in productivity due to age or shift in demographics is compensated by a larger increase brought about by technology, but it's not an easy task," says Professor Ratti at MIT.

In fact, none of it's easy. Otherwise we would have all moved there by now, to that ideal city.

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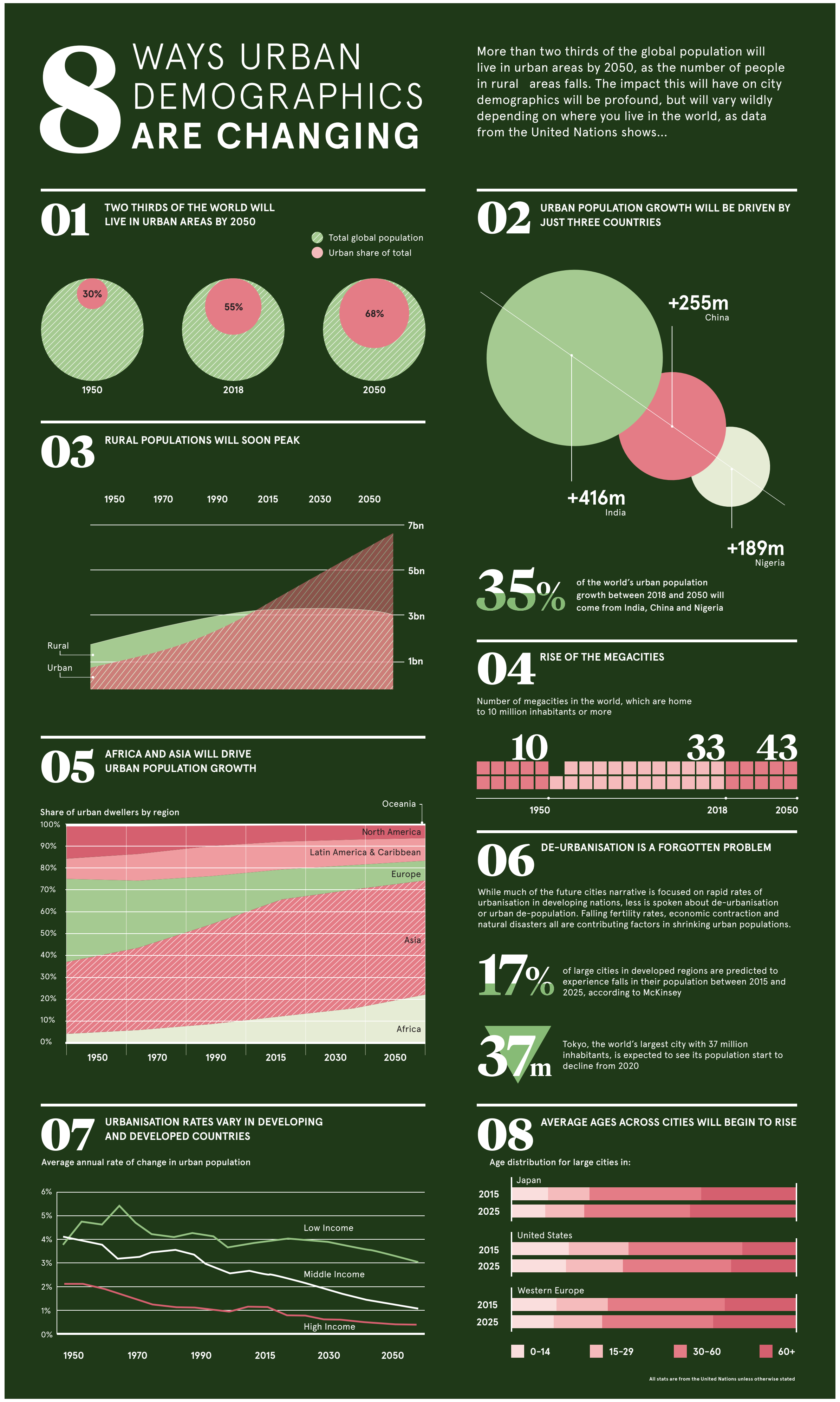

Planning and heritage - a fixable problem

Jonathan Thompson on how planning cuts have hit heritage – and what steps can and should be taken to fix it

Often viewed as an easier target for cuts than more obvious frontline services, planning has been at the forefront of councils' sometimes-brutal efforts to stay solvent. Research by the Centre for London shows the capital's planning departments' budgets falling by 59 per cent since 2010, mirrored by a 55 per cent fall across England.

Unsurprisingly, this has far-reaching impacts on planning and heritage. As Senior Heritage Adviser at the Country Land and Business Association (CLA), I see these impacts on our 30,000 members, and across the 150,000 heritage-relevant applications in England: the difficulty of getting responses from overwhelmed officers; unresolved uncertainty over whether (and which) consents are needed, and what information is required; delays and escalating costs; and widespread failure in the application of the NPPF.

In Historic England's 2015 residential owner survey, over a third found the listed building consent (LBC) system "poor" or "very poor". In its 2018 business occupier survey, 52 per cent found LBC "excessively burdensome". Finally, in research by the GLA in 2016, almost all London boroughs said they required more delivery skills in their planning departments.

Some seem to think that Government now understands the problem, and that vital funds will arrive. That - given the demands to spend elsewhere, and the worsening demographic pressure on public spending - seems unlikely. Even if it happened, how long would it last? How much would really go to planning? The previous evidence is bleak: the 2018 20 per cent planning fee increase was supposedly "ring-fenced for planning", but most of it has (as before) been diverted into other areas. Even if extra money did somehow improve the current system to run marginally better for a couple of years, in what way is that enough?

What is needed is an efficient planning process that will work within the resources that are genuinely available, a system whose funding will therefore be defensible in cash-challenged local government, not for two years but for two decades. That requires reform.

The Barber report, which will underpin the Spending Review and future government spending, recently re-endorsed by HM Treasury, is not about slugs of cash for traditional systems. Funding will depend on defined publicly-valuable outcomes being achieved, with strong emphasis on "innovation", "ambition", "technology" and "ideas".

Rather than just asking for resource, the heritage sector has been developing ideas. Back in 2014 the Historic Environment Forum (HEF), the key-stakeholder group for heritage, set up a cross-sector working group with Government support, to analyse the problem and develop solutions.

From the start, HEF decided that these solutions must (a) be effective, (b) increase – not reduce – heritage protection on the ground, and (c) be implementable by the heritage sector itself, without significant work, money or primary legislation from government.

In Historic England's 2015 residential owner survey, over a third found the listed building consent (LBC) system "poor" or "very poor". In its 2018 business occupier survey, 52 per cent found LBC "excessively burdensome". Finally, in research by the GLA in 2016, almost all London boroughs said they required more delivery skills in their planning departments.

The results are therefore not just "asks" aimed at government. They are effective proposals, consulted on twice, which can be finalised and implemented. They include embedding proper heritage analysis by applicants into the design and application process; listed building consent orders, which would grant consent for carefully-defined categories of works to listed buildings; and encouraging the use of expertise, including by incentivising applicants to use accredited independent experts.

Jonathan Thompson is Senior Heritage Adviser at the Country Land and Business Association

Effectively implemented, these co-ordinated reforms could be transformational, increasing the demand for heritage skills, focusing resource where it is most needed, and making the system simpler and more efficient, predictable and defensible.

The proposals as above do not require additional work from government, but making them happen does need the support of Historic England. Unfortunately, that has seemed unclear to date – but then Historic England is not the main victim of the current problems. The casualties are local authority staff, owners and applicants, heritage assets, and the wider public.

Historic England does designation, research, public engagement, placemaking, training, and publishing advice, generally very well, but as we have recently pointed out, reform – implementing actual change – appears to be outside its comfort zone.

Of Historic England's three primary statutory purposes, two are about the heritage protection system. A system that works is its most fundamental duty as the government's adviser on heritage. It must therefore stop seeing the problems as peripheral, fixable just with an advice note and training.

Historic England needs to put our heritage first, and to work with HEF to act on these proposals – the sooner the better. ■

CLA

More planning flexibility should help London's high streets

We live in changing times. For once, some of the changes to our planning system are actually helpful says Carl Dyer

The government has recognised that the planning system is often slow and cumbersome. It also lacks the appetite for root and branch reform. (Rumour has it that they have other things on their mind right now.) So, they have looked increasingly to use additions to permitted development rights to allow changes of use without the need for full planning applications.

The most obvious of these has been the right to convert B1 office buildings to C3 residential development. This has been successful in increasing supply of residential accommodation: by November 2018 13,526 new residential units were delivered through new permitted development rights.

Permitted development rights relating to High Street uses have also been created, and widened.

We already had a flexible use class to allow a temporary 2-year change of use to any one of a variety of High Street compatible uses. This is now being increased to 3 years, and the possible uses are being widened.

The latest changes which came into force on 25 May, allow A1 shops, A2 financial professional services, A5 hot food takeaways, betting shops, payday loan shops, and launderettes to change to B1 office use; and also allow A5 hot food takeaways to change to C3 residential use subject prior approval.

Additionally, the flexible temporary now 3-year use class is been widened to include a number of leisure activities.

Meanwhile, the government is still looking (apparently favourably, despite a very mixed set of responses to its consultation document) at the possibility of allowing buildings to be extended upwards to deliver more residential accommodation.

So, what is this going to mean for High Streets already faced with the rise of Internet shopping, rising minimum wages, the need to compete with an ever-wider range of other employers as near full employment increases retail workers career options and bargaining power, congestion charging and continuing uncertainty?

Well, hopefully it should have a thoroughly beneficial effect by allowing for a greater flexibility of uses for what is almost certainly now a structural oversupply of traditional High Street Retail and related units. That will depend of course on those who work in and run the planning system embracing the flexibility being created and not seeking to resist it.

Our High Streets have been constantly evolving for literally centuries. We have moved from medieval markets, to larger and more permanent shops, becoming ever larger post industrialisation, through department stores to out of centre food stores and retail parks, and now increasingly to ever-more specialist diversification and non-retail uses and internet shopping.

This is exciting and to be welcomed. The tragedy of our planning system in the 20th century has been that all too often it has been designed to stifle that very innovation which is the life blood of the high street and to delay or frustrate progress.

The London School of Economics demonstrated convincingly that retail price inflation could have been lower if superstores had been allowed to compete with each other properly instead of new developments being overly regulated by the planning system.

Now, as all retailers are facing increasing online competition, we see once more calls to preserve the traditional High Street. That is surely the wrong response. If London's high streets are to survive and

Carl Dyer is National Head of Planning at Irwin Mitchell

thrive for the rest of the 21st century, the owners and occupiers of those high streets need to be allowed flexibility to diversify their offer and the use of their properties to provide what today's and tomorrow's Londoners want and need, not just the High Street shops that were appropriate in the 1950s.

The widening of permitted development rights is exactly what is needed to address the need for flexibility. The correct response for planners faced with pressures on the High Street is surely to allow the huge diversity of people we have in London to make their own choices as to what businesses they think will succeed and allow those people and businesses to bring as much choice and diversity to the High Street as possible. If a takeaway is not viable, then let's let it become a home. The unit may be "lost" from the High Street, but the residents will bring additional security to the units around them.

If a restaurant thinks it can improve its profit margin (and probably local employment) by delivering it's high quality meals to residents who don't always have time to eat out, then surely they should be allowed to do so - not threatened with a change of use enforcement notice, as some authorities have been proposing.

If someone thinks that they can make money out of providing a soft play area with a cafe or bar in a former retail unit, then let them do so. They will bring the parents of young children back to the High Street. When the children of gone to bed, they may bring adults wanting to pretend they are children.

As people work in the knowledge economy in ever more ways with ever more flexible ways and hours of working, let some of them take over redundant shops as offices and bring fresh businesses to the High Street.

Let's welcome the changes, and all start thinking of the next ones that we can ask to be introduced. ■

"In 80, 90, 100 years' time I fear we'll have the Thames lined with derelict towers."

Peter Rees, City Planning Officer for 29 years, holds forth when interviewed by Elizabeth Hopkirk for a *Building* podcast

For 30 years it was Peter Rees' job to shape a vision for the City of London. As chief planning officer during one of its most significant periods of growth, he's arguably more responsible for the skyline in the Square Mile than any other individual.

Whatever you think of that increasingly busy skyline aesthetically, no one can deny that Rees' policy has been a commercial success for the City. With its tallest building to date topping out this month, developers are still queuing up to build offices there.

Rees has since moved on to academia, taking up a post as Professor of Places at UCL's Bartlett School of Planning in 2014, where he is applying his strategic vision to the rest of London. And what he conjures up in his crystal ball is rather bleak.

In a wide-ranging interview with Building, conducted on the balcony of a David Chipperfield office building in King's Cross with views across London and accompanied by construction noise from Google's rising headquarters, Rees talks about the commendable work being done in the capital, digital technology, planning use classes – and why parliament should move to Ashby-de-la-Zouch.

But he also paints a sobering vision of the future facing UK cities, whose skylines he predicts will be marred by forests of derelict residential towers within a few decades.

'Safety deposit boxes in the sky'

Relishing his new life away from a desk, Rees teaches outside as much as he can. One of the first things he does with his urban design and city planning masters students at UCL is to take them on a Thames river cruise where he provides a commentary on what they can learn from this transect through the capital.

On this trip, he finds one thing unpleasantly unavoidable: the number of apartment blocks springing up all the way from Woolwich to Battersea. Most of the flats are being sold to investors on 125-year leases – a practice Rees ascribes to developers' interest in maximising short-term profits.

It is the way these homes have been translated into glass "safety deposit boxes in the sky" that he warns will cause us – or more likely our descendants – huge problems in years to come.

Increasingly, the freeholds of these buildings are being sold on. In 2016, for instance, Berkeley disposed of its historical ground-rent portfolios, netting £51m and releasing itself from ongoing maintenance obligations.

The purchasers of both the freeholds and the leaseholds are unprepared for what's coming in terms of maintenance costs, Rees warns – although since Grenfell and Dame Judith Hackitt's recommendations on building regs and fire safety, more of them are probably beginning to ask questions. Only this month the government was forced to cough up £200m to fund the removal of unsafe cladding from private residential towers because the owners were dragging their heels and occupants were turning to lawyers in panic, unable to pay.

Rees says: "The lifespan of the component parts of the building are not considered and the freehold 'asset' is sold to an owner interested only in the capital 'trophy' and a modest income from ground rent."

He says electrical and mechanical systems are likely to need replacement after 25 years, as are the gaskets in curtain wall glazing. Thermally sealed all-glass elevations will probably have a lifespan of up to 60 years. This is all factored into the cyclical renewal programmes of office towers, which are typically let on maximum 25-year leases.

But when major renovation work becomes due on the new breed of private residential towers, there is no mechanism for "reassembling" the development in order to facilitate this renewal work, short of compulsory purchase, he says.

'A Thames lined with derelict towers'

"The sinking funds [for repair and maintenance] set within apartment service charges do not cover these heavy refurbishment items and purchasers rarely have an insight into the liability which such works will impose," explains Rees. "If future refurbishment cycles cannot be funded by the apartment owners, their investments will become unsellable long before the expiry of their 125-year lease. In 80, 90, 100 years' time I fear we'll have the Thames lined with derelict towers."

Eleanor Jolliffe is an architect and freelance architecture writer

He's not alone in his dystopian forecast. Louie Burns, managing director of the Leasehold Group, which acts for leaseholders, says it will become a "huge issue" across the country. "This will be the next big scandal in leasehold as there is no homogenised method of redevelopment," he predicts. "It is in the interest of freeholders, on aged buildings, to take the money paid by leaseholders for service charges but to carry out no work to maintain the building." Freeholders may even buy and board up flats allowing them to fall into disrepair, he says, adding: "Eventually the building will be in such a mess that they can move to compulsorily purchase the flats."

It's an analysis strongly contested by the developers. Steve Turner from the Home Builders Federation argues that modern blocks are built in such a way that major repairs can be carried out floor by floor without having to decant all the residents. And management companies that buy up the freeholds will ensure residents' fees cover these costs so that they don't become liable themselves, he says.

"The vast majority of properties are run by professional companies that take a long-term view of buildings," he insists. "It's in their interests to make sure the building runs effectively and is maintained for the length of its life."

Construction law specialist Sheena Sood, a partner at Beale & Company Solicitors, says Rees has a point but that it would all come down to the strength of individual leases. "I do think some of what's going on in terms of building these new flats and then getting them leased is quite a short-term approach by developers," she concedes.

But she places some hope in the architecture, saying: "Some of these towers are quite integral to the skyline now so I don't agree they will be left to go to waste. I think they will always have investors interested in making them part of their portfolio."

'It's bad land use'

Rees, however, won't be moved from his gloomy vision of "derelict uninhabitable hulks". He also identifies a more immediate problem with the residential investment boom. "At a time when London is short of land, it seems crazy to have wasted that much of central London land on a product which will not only be under-used but for which there will be no maintenance mechanism. It's bad land use," he says.

He doesn't blame the developers: they are like "children at a birthday party, eating until they are sick". When private residential is eight times more profitable than offices, it's a no-brainer.

He reserves his precisely articulated ire for politicians of all stripes who have deliberately stigmatised renting and presided over a free-for-all. The solution in his eyes must therefore be political, but he derives some hope from the current build-to-rent explosion, so long as it is professionally managed.

"There's no doubt in my mind that the development sector is perfectly capable of and willing to provide the private rented accommodation that's so urgently needed in our urban areas," he says. "There's noreason at all – provided they have long-term interests in an income and a return on their assets rather than looking to make a quick buck – why they can't be the right people to manage parts of our cities."

Private developers might even do a better job

> I have no hope for anything that involves party politicians," he says. "I believe that we're suffering from political gangrene in this country and the only thing that gives me any hope is the collapse of the major parties."

than local authorities, he adds, pointing to London's successful development from the 17th century onwards by private landowners – as well as cities like Vienna and Berlin where it's still normal to rent long-term in the centre.

There are many more crimes that this son of the Welsh valleys lays at the feet of the "amateur political classes" who lord it over professionals from "their Islington dinner parties".

The belief that planning gets in the way of development has allowed the system to be undermined to the point where London has no land use control, he says. The consequences include a host of offices converted into barely inhabitable flats.

'Political gangrene'

He also accuses politicians of destroying building control and thereby laying the ground for tragedies like Grenfell. "Once you unbolt a system and allow the private sector to come up with alternatives, you end up with the worst of all worlds: parallel systems of certifying safety," he says. "Then you are in a very dangerous position."

Rees wants a reinvigorated planning system, focusing on land use, and proposes a huge expansion of use classes, which he describes as "our only planning tool of any strength". This would allow local authorities to distinguish between rental and sale homes, investment properties, starter homes, student and retirement housing – subtleties that are currently all bracketed together. Then councils could grant or refuse planning permission based on an assessment of the needs of the community.

For a moment he is dangerously close to optimism – but then the conversation turns to consumption and Westminster's woeful response to the threat posed by climate change, and his mood sours again. "I have no hope for anything that involves party politicians," he says. "I believe that we're suffering from political gangrene in this country and the only thing that gives me any hope is the collapse of the major parties."

He's a man with strong opinions. But the energy that powers his arguments also drives a highly social personality that belies the grumpy-old-man image.

As we leave the building to take his picture in Argent's Pancras Square (one of the best new spaces in London, he thinks) he runs into Bob Allies and Graham Morrison, founders of the eponymous architecture practice, and we stop for a chat.

It is a serendipitous demonstration of his case that a good place is one where people want to linger and gossip.

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Putting the 'POP' into privately owned public spaces

Good placemaking makes people identify with spaces; making them their own place, where they can have a say and organically impact its growth as a part of a community says Constantina Avraamides

Always looking forward to the RIBA awards I was fascinated with last month's winners. For me the stand-out scheme was Coal Drops Yard; the latest addition to the Kings Cross regeneration project, and already established as the new place to be. The history-rich space is designed to be open to the public, and much advertised throughout London. Large graphic signs are scattered along the path from the Kings Cross tube station boldly emphasising to the unaware passers-by "you have arrived".

The project is nevertheless, another example of a pseudo-public place, another public 'island' with its own set of rules. Being a regular visitor for a while now, I was enthusiastic at first with all the independent shops and restaurants housed in Coal Drops Yard. Following a recent Friday night dinner however, I was disappointed by the "curfew" of 11pm; a kind reminder that we were encroaching on a private place. Is this the future for open space in our cities and what are the key ingredients to making these successful?

Privately Owned Public Spaces (POPs) began to increase through the 2000s around the UK and especially in the capital with More London estate near Tower Bridge and Merchant Square in Paddington. POPs have been greatly debated over the last years for being publicly accessible spaces, yet with specified constraints on their use, due to the fact that they are delivered and maintained by private bodies. Despite the democratic discussions they raise with regards to freedom of use, POPs have proven to be successful in providing safe public spaces throughout the city, and in some cases stimulating street based retail. However, they usually lack the kind of intense energy that comes with the unpredicted use and inhabitation by people of public spaces.

The Kings Cross regeneration appears to be different to other projects in the capital, in terms of its success and acceptance with people. I would argue that it all comes down to a successful curated placemaking by the King's Cross Central Limited Partnership, who own and manage the development. A series of events are strategically orchestrated, in and around the spaces of Coal Drops Yard and

Constantina Avraamides is a part II architectural assistant at JTP architects

Granary Square; consistently drawing in people. I would debate that creating a sought after place is not defined by whether it is public or private, but about the ground level uses and form of each space that defines successful placemaking. The benefits of space management and curation are brought together with a feeling of authenticity.

I'm happy to have witnessed similar success in one of JTP's on-going projects; the Battersea Power Station development. Since 2006, we've instigated and managed a broad strategic placemaking approach, with the vision captured in our Battersea 'Placebook'. The Placebook sets out eight manifestos based on why people will want to live and visit Battersea, and 60 points for their delivery ensuring the original vision is consistent for the lifetime of the project's delivery and its future use.

The unique mix of restaurants and shops relates back to the first manifesto of the Placebook; "No default" has now become Never Ordinary. This aspiration to provide a different offer reveals itself not only in the types of shops occupying the retail front but also how locals can use them, what products to stock and sell and even what types of events they should have. The Battersea Power Station development has a liveliness, or perhaps a freedom that demonstrates a happy union between the vision for the place and its inhabitation by residents and locals alike

Good placemaking makes people identify with spaces; making them their own place, where they can have a say and organically impact its growth as a part of a community. Ultimately, I think this is what we want from our public spaces; a feeling of personal and collective engagement with the world around us.

London Seafood Festival at Battersea Power Station ©JohnnyStephensPhotography

Broken records

Gavin Kieran says that, under the circumstances, the industry is still positive about market demand in the capital for all sectors except retail. It's confident that foreign investment will continue to flow in.

It's July 2019, and we're still talking about Brexit. To be sure, Brexit is a future-changing transition and deserves all of the resources and discourse it needs to get it right. It's just that here we are, after 29 March, after 12 April, still talking about Brexit and none the wiser about the eventual outcome.

M3 Consulting conducted our bi-annual London Development Barometer survey this spring just after the 12 April deadline for Brexit. After all, whether the UK has left the European Union with or without a deal, we wanted to know what the industry had to say on a momentous milestone in modern British history that that did not happen.

Much like the Brexit discussions themselves, what we heard was a bit like a broken record: Improve town planning process and provide funding for local authorities, infrastructure, transport and housing delivery.

Let's say this again: The industry has prioritised improving the town planning process and government funding. Above mitigating the Brexit transition. In the immediate aftermath of failed Brexit negotiations.

In fact these have been the top two priorities since the LDB launched in autumn 2017. At that time, the industry had a glimpse of the somewhat unexpected resilience shown by the London property market and a surge of inward overseas investment following the post-referendum devaluation of the pound sterling. It had a few months to recover from the change in the geopolitical landscape as well as an unexpected general election in June at home.

At the time, nearly 8 in 10 were concerned about the impact of Brexit and construction skills and capacity. Those concerns have eased somewhat, but the dissatisfaction with the performance of central and local government in terms of enabling development activity has stubbornly remained well over 80 per cent.

In fact, a high of 17 per cent out of the 83 per cent of the respondents who believe the governments are not doing enough to enable London development activity, now believe the central and local governments are discouraging development activity. This a good 5 per cent increase on the previous high of 12 per cent this time last year.

Sure, the government has loosened up the purse strings and borrowing restrictions for local authorities to help deliver housing and infrastructure. It has tinkered with help to buy, stamp duty and permitted development. These have helped to a certain degree but, for certain sectors, they have had their detractors. With the Brexit impasse still ongoing however, debate on planning and delivery such as the Raynesford and Letwin reports and NPPF amendments have fallen to the wayside. Even the publicly sensitive Hackitt review is on the backburner according to its author.

Now, of course, the government is busy with finding a new prime minister.

In London, the Mayor has updated affordable housing guidelines, favoured small development sites and attempted to release public land, but 42 per cent of the LDB respondents felt these and other policies will have a negative impact compared to 35 per cent who think they will have a positive impact. While it could be put down to teething problems, the lack of clarity on town planning priorities and required affordable housing provision have frustrated both developers and local authorities.

Gavin Kieran is a director at M3 Consulting

The London property industry is of course still wary of Brexit and its impact, with 59 per cent of the LDB respondents believing the extension will have a negative impact versus 15 per cent who believe it'll have a positive impact. It's not convinced that the extension will actually do any good. A majority of 48 per cent believe it won't result in a better deal while 36 per cent believe it will.

But under the circumstances, the industry is still positive about market demand in the capital for all sectors except retail. It's confident that foreign investment will continue to flow in.

It's keeping an eye on the global economy and politics, and wouldn't mind further interventions on land supply and stamp duty policies.

It knows that construction costs and capacity will be an issue. But it can deal with all that.

Housing delivery continues to fall short in London

Ian Tasker shows that a rise in permissions has not translated into an increase in the overall number of units under construction or completed

The demand for housing delivery data and insights continues to grow a pace. This is in response to the unparalleled commitment from central, regional and local governments to rapidly and consistently increase housing levels. This has been accompanied by unprecedented levels of funding from government into the sector as well as recent policy changes, such as the removal of the Housing Revenue Account borrowing cap, all aimed at boosting housing supply.

Our third annual London housing pipeline analysis set to identify what, if any, green shoots of progress on housing delivery has been achieved over the last eight years since 2010. The analysis tracks the full housebuilding pipeline from planning applications to completions and covers new build developments of 10 units or more (excluding refurbishments and "behind the façade" developments). The Greater London Authority estimates that other schemes (those fewer than 10 units and involving refurbishments and change of use) contributed an additional 14,000 completions in London in 2017.

Overall, we have seen strong and steady growth in the number of planning applications being made from 2010 to 2018, increasing by 79 per cent. They reached a peak in 2017, with 79,493 applications recorded. In 2018, there was a significant decrease, with the number of applications dropping to 65,673.

The number of planning permissions granted has increased by 155 per cent since 2010. 2018 saw the highest number of permissions in a single year, reaching 62,341. This is a 30 per cent increase compared to 2017 (48,024) which could be due to the significant increase in applications seen that year, which are now starting to work their way through the housing development pipeline.

Disappointingly, this rise in permissions has not translated into an increase in the overall number of units in construction or completed. Our analysis calculates the "attrition rate" by identifying units that have been granted permission but are not under construction or completed within three years of the permission being granted. In 2010 there was an attrition rate of 27 per cent, this has risen to a critical level of 46 per cent in 2015 - meaning nearly half of all permissions granted in 2015 had not commenced construction and/or been completed three years later (2018).

Interestingly, housing schemes of less than 250 units are much more likely to be constructed than any other scheme size. For example, schemes of 150-249 units had an attrition rate of 17 per cent in 2015, as compared to schemes of 250 units which had an attrition rate of 57 per cent in the same period.

Our analysis shows that there continues to be a huge disparity in the level of new homes being delivered across London, with inner London zones continuing to outperform their neighbours. Zones 1-3 have consistently led the way and accounted for 66 per cent of all new units built in London in 2018. This is in stark contrast to the outer zones, with Zone 6 contributing just 675 new units in 2018, the lowest number recorded since 2011. While zone 5 contributed double the number of units compared to 2017, rising from 1,029 to 2,253, they are still falling seriously short. Boroughs in zones 5 and 6 need to dramatically step up the pace.

To improve equitability in housing access, there has been a clear focus on increasing the number of affordable housing units being built in London. However, our data shows that there is still more to do as the number of applications for new affordable homes saw a drop in 2018 - falling from 27,108 to 24,043. However, this was still more than double the number recorded in 2010 (11,127). Last year also saw the lowest number of affordable housing completions since 2014, down to just 5,230. A 30 per cent drop on the number completed in 2017 and far short of what the capital needs.

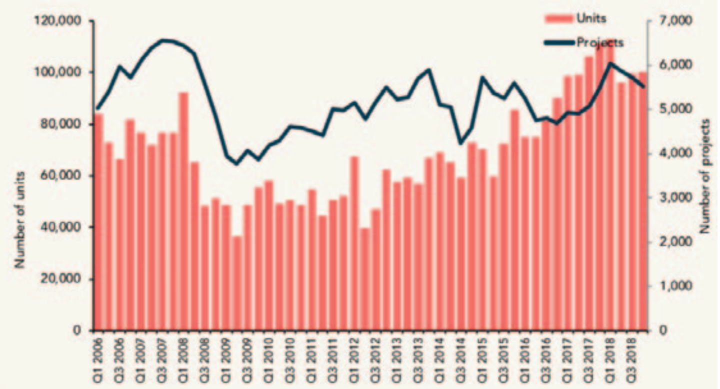
The number of affordable homes given planning permission however saw a much needed increase, with 22,277 recorded in 2018. This is almost three times the number seen in 2010 (8,105) and makes up over a third of all permissions granted in 2018. While these numbers are encouraging, it is still too early to say if these will translate into new homes.

Ian Tasker is a director, Public Services Advisory, Grant Thornton UK LLP

The removal of the Housing Revenue Account borrowing cap marked an important, necessary step last year and we are yet to see the impact this will have on the housebuilding market. We hope it will have a positive change over the next few years and start to rebalance the level of affordable housing available on the market – a necessity in London in particular.

The reasons for this are not easily quantifiable but increased uncertainty due to ongoing Brexit negotiations has not helped to build resilience in the sector. Increased funding for affordable housing and willingness from local authorities to consider more innovative funding mechanisms has however helped to improve market confidence in undertaking affordable housing schemes – as evidenced by the almost continued increase in the number of applications and permissions being granted for new affordable homes since 2010.

The message is simple - London is in the midst of an extreme housing crisis and we are continuing to fall seriously short of the level of housebuilding needed. More completions need to be achieved, and now, if the housing demands in London are to have any chance of being met.



Residential planning approvals Great Britain

N.B. Includes residential projects of all sizes, residential units on non-residential schemes and conversions. Source: Glenigan

More housing needs flexible tenure and funding models

The draft new London Plan doesn't allow the flexibility needed for investors and developers to satisfy the unmet demand for housing says Lawrence Bowles

Nowhere is shortfall in housing supply more acute than in London, where delivery would have to double to meet need. Simply building more homes for market sale isn't enough to solve this problem: fixing the housing supply crisis in London needs more rented homes, presenting a massive opportunity for long-term, professional investors.

The UK's residential operational real estate (student housing, Build to Rent, and retirement living) is currently worth £223 billion. At full maturity, we believe this could grow fourfold to £880 billion. In nurturing these sectors to this level of maturity and liquidity, we will face a host of challenges – many of them from the planning system.

Student housing

Student accommodation is the most mature of the three sectors. Since private investors first started building student halls in the 1990s, the sector has grown to a value of £51 billion, with £3.1 billion of investment in 2018.

Rising student numbers means that demand for student accommodation will rise. London already has over 100,000 people studying full time at its universities. With four of the world's top 50 universities based in London, London's appeal as a destination for international students is only set to increase.

Meeting this growing demand will become more difficult should the Draft New London Plan come into place as currently written. The Draft would require student housing developments to provide 35 per cent of beds as affordable student housing, while also requiring nominations agreements in place with a higher education institution before granting planning permission.

Both these proposals mark a substantial departure from national policy. Introducing them would make student housing development in London considerably more difficult, potentially stifling investment in the sector and damaging London's attractiveness as a place to study.

Build to Rent

Purpose-built homes for private rent are not a new phenomenon, but it's only in the last few years that we've seen institutions such as pension funds making large-scale investments into the sector. UK Build to Rent transactions totalled £2.6 billion in 2018.

Despite this interest, the sector is still evolving. There are 32,000 complete and operational Build to Rent homes across the UK, 53 per cent of them in London. As delivery accelerates, and as the sector reaches maturity over the next decade or more, we estimate this sector could grow to 1.7 million homes, worth £544 billion.

Naturally there are many obstacles still to overcome before we even begin to reach this level of scale. The Further Suggested Changes to the Draft New London Plan present challenges particular to London: proposals include letting boroughs set social rent requirements for Build to Rent schemes, to be operated by a registered provider.

Since most Build to Rent investors are not registered providers, this would make it impossible for single rental blocks to remain in single management, undermining one of the fundamental attractions of this sector. Where boroughs require social rent homes within Build to Rent blocks, the likelihood of securing investment is poor at best. These rules would risk making Build to Rent development in London much less attractive.

Retirement living

There is undoubtedly a huge need for more housing for older people. The UK's population aged 85 and over is projected to treble by 2060, and the number of homes designed and built for older people already falls short of need.

London performs particularly poorly in this sphere. The Draft New London Plan acknowledges need for over 4,000 new homes for older people each year. Boroughs approved just 818 such homes in 2016/17.

Lawrence Bowles is an analyst in the Savills Research team, focusing on residential investment and healthcare

Retirement housing provides a host of benefits for residents and government. Designed to allow residents to age in place, those living in purpose-built homes for older people are less likely to suffer falls, are less likely to require hospital care and return home after hospital stays faster. As a result, for each person aged over 65 living in specialist retirement housing, the NHS and local government saves between £928 and £1,543 per year.

Unlike in many planning authorities across the rest of the country, the Draft New London Plan requires all retirement housing other than care homes to provide affordable housing contributions. This does not account for the savings that government receives from this specialist housing over and above the benefits provided by housing development.

Allowing retirement housing developers to offset some of these savings against Section 106 contributions would help them compete on a level playing field with general residential developments.

All together now

There's a massive unmet demand for more housing delivery in London. Investors and developers are keen to increase supply. The planning system can be a vital tool for enabling this, if plans allow for flexibility in tenure and funding models. Unfortunately, the Draft New London Plan does not appear to provide this flexibility in its current form.