



# Residential Property Market

July 2006

“Density is generally occurring in appropriate locations (as prescribed by the London Plan), although large schemes are frequently being granted permission for densities which are far greater than guidelines recommend.”

Jennet Siebrits, Head of Residential Research

“Schemes within regeneration and other special policy areas are frequently gaining planning permission for greater density than is recommended in the London Plan.”

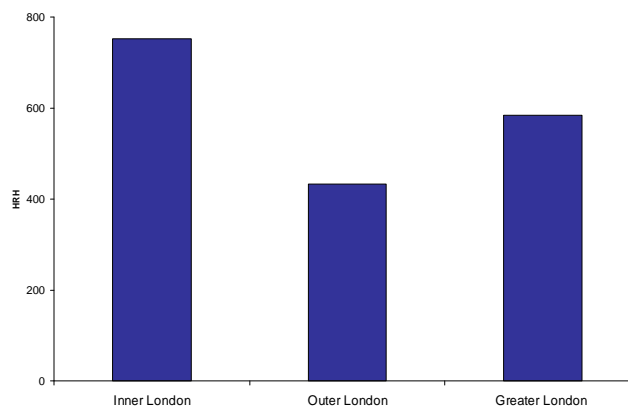
## RESIDENTIAL DENSITY: BIG AND GETTING BIGGER

Housing density is used as a critical part of decision-making criteria for London local authorities, particularly for large schemes. In the present market, allowable density is a key factor in the success or failure of a given site and is based on guidelines set out in the London Plan. In particular, London’s Mayor Ken Livingstone has been an ardent supporter of high density urban developments. The recently announced wide-ranging powers for the Mayor of London to direct regional housing strategy will ensure density remains an important priority for new residential development.

### Average density of 584 habitable rooms per hectare across London

We have examined 38 schemes (300 + total units) across London to gain an indicative picture of how the density of large schemes has evolved since 2001. Our analysis suggests an average density of 584 hrh for large developments in Greater London. As expected, Inner London achieved a much higher average density of 752 hrh.

Chart 1: Average Density Across London



Source: CBREHI calculations/ London Residential Research

### Density is particularly high in regeneration areas

1,100 hrh is the maximum recommended density for any scheme, anywhere in London according to the Greater London Authority’s London Plan Density Matrix. However, 13% of the 38 schemes reviewed had a density above this level. We found schemes within regeneration and other special policy areas are frequently gaining planning permission for greater density than is recommended in the London Plan.

For example, three of the five most dense schemes studied are in the Thames Gateway. Newham is set to undergo major and dense residential development in and around the future Olympic site, particularly along and near to Stratford High Street south of the Town Centre.

### Smaller schemes have higher average density

Density is greater for smaller schemes in our wider analysis across a select set of boroughs in London. Smaller schemes are achieving higher density because they tend to occur in built up areas of London, and as a result are subject to higher density thresholds. In addition, a lower absolute number of new residents from small schemes can reduce planning concerns of overdevelopment.

### Density is on the increase

The planning system has been granting permission for increasingly higher densities in new residential developments. The average density for large schemes has increased by nearly four-fold between 2003 and 2006. In 2003 it was 290 hrh, this has now increased to 1,054 hrh. The average density of residential developments has increased by around 60% each year since 2003.

This is a very significant change, and one which demonstrates the considerable shift of planning policy towards sustainable regeneration of urban areas, as well as the market demand for urban living.

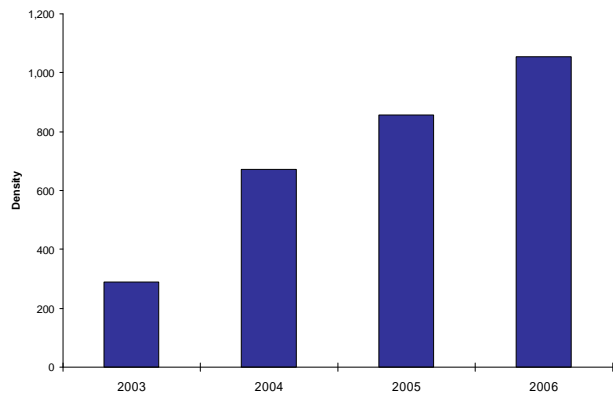
### Conclusion

The difference in density between Inner and Outer London is distinct for large schemes, and reflective of recommended guidelines in regional planning policy. However, many schemes are being granted permission with density levels that are far greater than prescribed by the Greater London Authority in the London Plan. A lack of consistency on how the guidelines are applied, particularly in regeneration and other special policy areas may mean that the relationship between density guidelines and regional planning policy becomes less distinct.

Average density for large schemes has increased dramatically since 2003. In particular, regeneration areas and smaller urban schemes are being delivered at much higher average levels. While we anticipate that the rate of increase will slow in the coming years, there is considerable evidence that the wider goals of sustainable urban development in regional planning policy are proving successful with respect to density. The recently announced wide-ranging powers for the Mayor of London to direct regional housing strategy will ensure density remains a priority.

“Average density has increased by nearly four-fold, or 60% per year between 2003 and 2006”

CHART2: Average Annual Density and % Change, 2003-06



Source: CBREHI calculations/ London Residential Research

For more information regarding the UK Residential Market Report, please Contact:

JENNET SIEBRITS  
Head of Residential Research  
[jennet.siebrits@cbre.com](mailto:jennet.siebrits@cbre.com)

CB Richard Ellis  
St. Martin's Court  
Investment  
10 Paternoster Row  
London EC4M 7HP  
Tel: 020 7182 2000  
Fax: 020 7182 2001

NICK JOPLING  
Managing Director  
[nick.jopling@cbre.com](mailto:nick.jopling@cbre.com)

CB Richard Ellis Hamptons International  
Kingsley House  
Wimpole Street  
London W1G 0RE  
Tel: 020 7182 2000  
Fax: 020 7182 2001

JONATHAN SEAL  
Chief Executive Officer  
[sealj@hamptons-int.com](mailto:sealj@hamptons-int.com)

Hamptons International  
Residential Development &  
18/21 Cavaye Place  
London SW10 9PT  
Tel: 020 7244 4700  
Fax: 020 7244 4789