Market Report
Jones Lang LaSalle
Incorporated

Meridian Water

Regeneration Analysis - *Addendum*
January 2023

1. Introduction

In March 2022, on the instructions of Enfield Council, JLL undertook an analysis of large-scale regeneration schemes comparable to Meridian Water. This was to understand the residential value uplift, as a result of the multi-phased master planning and delivery of these schemes, above and beyond market movements. This is referred to as 'The Regeneration Effect'.

As of January 2023, JLL have been instructed to provide an addendum to the initial report, outlining the following:

- Updated regeneration effect summary
- Likely regeneration effect at Meridian Water

2. The Regeneration Effect

The table below summarises details of regeneration developments in London comparable to Meridian Water. In order to understand the regeneration effect, we have taken the initial values at sales launch and compared these values with asking prices as of January 2023 to show the increase in value of each project over the differing sale periods. These values are inclusive of market movements, meaning that in order to isolate the regeneration effect, this would need to be excluded from the analysis.

Borough growth has been measured using Land Registry average houses price data for each borough over the differing sales periods.

Scheme	Borough	Developer	Size (Acres)	Residential Pipeline (units)	Initial Sales Date	Years Active	Project Values at launch (£psf)	Asking Prices Jan 2023 (£psf)	Total Project Value Increase	Borough Growth over Project Sale Period to Jan 2023	Regen Effect %	Regen effect % per year
Kidbrooke Village	Greenwich	Berkeley	100	1,900	Jul-11	12	£300	£860	187%	93%	94%	7.8%
Hale Village	Haringey	Bellway	12	1,200	Nov-10	13	£300	£810	170%	93%	77%	5.9%
Elephant Park	Southwark	LendLease	28	2,500	Apr-14	9	£600	£1,160	93%	42%	51%	5.7%
Woodberry Down	Hackney	Berkeley	64	5,500	Sep-09	14	£400	£1,090	173%	124%	48%	3.4%
Kings Cross Central	Camden	Argent	67	2,000	Apr-11	12	£900	£1,700	89%	52%	36%	3.0%
Barking Riverside	Barking and Dagenham	L&Q/Bellway	271	7,020	Dec-11	12	£175	£440	151%	121%	30%	2.5%
Acton Gardens	Ealing	Countryside	52	2,500	May-12	11	£400	£780	95%	76%	19%	1.7%
Greenwich Millennium Village	Greenwich	Countryside/ Taylor Wimpey	64	3,600	Nov-12	11	£400	£810	103%	86%	17%	1.5%
Battersea PowerStation	Wandsworth	BPSDC	42	3,444	Jan-13	10	£1,000	£1,875	88%	50%	38%	3.8%
Embassy Gardens*	Wandsworth	Ballymore	13	1,500	Feb-13	10	£1,000	£1,529	53%	46%	7%	0.7%
The Green Quarter	Ealing	Berkeley Homes West Thames	24	2,400	Feb-20	3	£600	£750	25%	17%	8%	2.7%

Source: JLL, Molior
**This is not the most recent phase (The Modern), as this has been down specified. The most recent phase at a similar specification to phase 1 is Legacy 1&3.*

As is demonstrated by the table above, there is considerable variation in the regeneration effect, with a range of **7%** to **94%** on schemes analysed. However, it is worth noting that this analysis is limited by the number of comparable schemes, as this scale of regeneration programme is relatively rare even in London.

As highlighted in our initial report, there are a number of factors (both positive and negative) that heavily influence the regeneration effect when compared to market averages. These include condition and status of existing site, infrastructure investment, competition, length of construction, market conditions at time of launch, developer brand, scheme tenure and unit mix, specification and placemaking.

Within the comparable evidence base there is a sub-set of schemes that share a greater number of similarities with Meridian Water, including Kidbrooke Village, Hale Village, Woodberry Down and Barking Riverside.

These schemes are all outside of the Central London market and are generally in areas of relatively lower average house prices in comparison with the London average. This means they are targeted and attract a similar cohort of purchasers and as a result, market performance (including outperformance) will be more closely correlated to the expected price growth at Meridian Water. The regeneration for these schemes is at the mid to upper end of the range stated above, from 94% for Kidbrooke Village to 30% for Barking Riverside.

Overall, this study suggests a qualified mean average regeneration effect of **39%** across all schemes, reflecting **3.5%** per year.

This is in contrast to the March 2022 analysis which showed an average uplift of **43%** across all schemes, reflecting **4.5%** per year. This indicates that the headwinds seen in 2022 have impacted the level of regeneration seen.

3. The Regeneration Effect at Meridian Water

Taking into account the evidence discussed in the previous section, we have reviewed the anticipated regeneration effect at Meridian Water. Having more data points from when we last carried out our Meridian Water specific regeneration analysis in March 2022, we have seen two key trends:

1. Regeneration acts as a multiplier of the market; if the market is good, regeneration is exceptional however if the market is poor, whilst the regeneration effect is still seen, it is subdued.
2. We have also noted that regeneration occurs rapidly during the early phases of the masterplan and then tails off as much of the development is completed.

Taken together, we would expect that the regeneration achievable at Meridian Water will be lower than the 40% previously outlined. At this stage, we expect the regeneration premium will be **30% on the basis of 4,000+ dwellings**, across the lifecycle of the scheme. This takes into account current market conditions as well as the fact that regeneration at Meridian Water is already underway given the opening of the new overground station. Given that the next 2,500 units at Meridian Water are not due to launch until 2025, if market conditions have improved by this point, we may well see the multiplier on the regeneration effect come back into play.

For the avoidance of doubt, the above regeneration effect **excludes** normal market growth. The JLL in house view for price growth within the Greater London Housing market is 13.9% for the years from 2023-2027, averaging 2.6% per annum.

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