

# Spotlight on...

## Development layout

Finding a solution to urban development and regeneration by building the modern residential city



“Innovative approaches to the infrastructure, in its broadest sense, of urban sites, can fundamentally improve viability.”

Yolande Barnes  
Director, Savills Research

In an economic environment where the housing market is only partially functioning, the business of housing development is threatened by low turnover and values as well as funding and planning uncertainty. In this environment, it is not surprising that, when it comes to complex and capital-hungry developments, particularly in urban situations, housebuilders and developers remain risk averse and selective in their land purchasing activity.

The UK homebuilding industry is not in a position to tie up substantial amounts of cash in the development of sites. Lending against property is scarce. There is a very limited appetite for speculative residential development and, where it does exist, it is focussed on the strongest markets with high demand and low supply of new property.

“Property of the highest value was found to be located on roads that were highly reachable, that is well-connected to the wider network.”

This leaves city-centre brownfield sites, especially in lower-value regeneration areas, effectively ‘mothballed’ for the foreseeable future. The high density apartment schemes that were the lynchpin of urban brownfield sites prior to the downturn, are out of favour with both funders and, increasingly, with occupiers so these sites lie dormant. Many developers and housebuilders are faced with large landbanks of un-developable land of little market value.

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- ▶ Many cash-strapped housebuilders' own city centre and strategic urban regeneration land banks lie dormant. If this land can be made viable, a source of cash flow will be unlocked. To achieve this, developers need to look not only at the type of product that appeals to purchasers, but perhaps more importantly, the interaction between this product, the streets, services, facilities and the wider connectivity of the development.

To make these urban sites viable once again, we believe focus needs to shift away from density-driven schemes resulting in large numbers of small flats and towards a wider variety of housing types. At a broader level, viability also requires a move away from simply the type of product that is delivered, to a greater awareness of the whole place that is being created and which will drive values – especially over the medium to long term. We believe that innovative approaches to the infrastructure, in its broadest sense, of urban sites can fundamentally improve viability. This paper describes one such innovative approach that might be adopted.

The word 'infrastructure' is usually associated with the word 'costs' for most housebuilders and obligations to provide it are generally avoided and especially in the current economic climate. But what if one of the most common pieces of infrastructure, the humble road, could be a driver of value rather than a drain on profit margin? Here, Savills Research reveals how road networks, integration and layout could potentially boost the value of a scheme, and ultimately make unviable city sites, viable.

Builders of new homes face new planning restrictions, limited and costly land supply, and a challenging market. This threatens the viability of many schemes, most notably difficult city centre sites. It is hardly surprising, given these constraints, that many of the big name housebuilders have gone back to developing traditional family housing in out-of-town locations, in familiar product forms to appeal to those seeking the suburban lifestyle.

Our previous research has shown that the features home owners value most about their home are not associated with the building itself, but more the environment in which it is located. Factors such as neighbourhood, safe environment, greenery and access to amenities all feature highly, and are cited as more important than factors associated with the architecture of a building. Adding value to scarce land therefore has to be about more than simply building attractive buildings. Critically, these are all things that must be created by focusing on the spaces surrounding the properties, and the relationship between the development with the wider area, activity that has been termed 'placemaking' or 'place-shaping'.

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It is 'place-shaping' that is the subject of this paper. New research, undertaken by Savills Research in association with Space Syntax as part of the 'Urban Buzz' project called 'iVALUL' revealed some very important drivers of residential value which we think is important to share with the housebuilding industry. There are some important lessons in it for those developers able to make the capital investment in sites and to create new urban quarters and more intense mixed-use settlements on the scarce and valuable commodity of land in the UK.

The research took an Outer London Borough as its study area, so the principals established here are most appropriate to higher density, urban situations; the kind of brownfield sites that prove so challenging to develop in the current climate. The research identified the relationship between residential value (captured here using council tax bands) and development layout. The correlations that were found were particularly strong. The way roads are laid out has a profound impact on residential prices. The three key findings were:

- Property of the highest value was found to be located on roads that are highly reachable – that is well-connected to the wider network.
- The more permeable the street networks of a neighbourhood, the greater the choice of routes through it, the higher the property value.
- Neighbourhoods that were only connected at a local level, rather than to their wider surroundings, were worth less as residential locations.



Left: Savills Research illustrates that the way roads are laid out has a profound impact on residential prices.

## ► Reachable Streets

**Property of the highest value was found to be located on roads that are highly reachable – that is well-connected to the wider network.**

These results are perhaps surprising and counter-intuitive. All things being equal, the finding means that property in a cul-de-sac would be less valuable than one on a more prominent and well connected road (though not necessarily a very busy road). This goes against conventional thinking that residential occupants wish to be in quiet backwaters whose road is only shared by fellow residents. In the creation of urban neighbourhoods, it would appear to be a commercially disadvantageous mistake to apply some conventional housing estate layouts.

Taking this approach to urban layout helps to establish walkable communities that support a diverse range of neighbourhood retail. With less reliance on the car for day-to-day services, residents are more inclined to shop locally at stores they can easily reach on foot. Developing a well-used local retail centre in turn helps to build a 'sense of place' and neighbourhood identity – intangible assets that can really lift residential value. This is particularly relevant in establishing new urban quarters, where community and identity have to be built from scratch.

Connectivity and the relationship of a new development with its surroundings is central to planning rhetoric today. The London Housing Design Guide notes how new developments often fail to make coherent places. A spatial strategy is important, new places must be well-connected and legible. This is nothing revolutionary, but rather drawing inspiration from the existing organic layout of London's urban fabric:

'Woven through the city is an intricate network of public spaces made up of streets, squares, paths, lanes, mews, gardens and parks. This is the framework of London, allowing people to get where they want to go and to enjoy spending time outdoors in the city.'

London Housing Design Guide, August 2010.

This highlights the importance of integrating new development into the existing urban fabric, and paying attention to the treatment of that urban fabric. It is of particular importance for social housing schemes and estate regeneration projects, which have historically neglected aspects of integration. In this case urban layout is valuable from both an economic point of view, and as a means to improve the life chances of the neighbourhood's residents.

"Road traffic engineers who seek to eliminate 'rat runs' through neighbourhoods by blocking streets may also be eliminating value..."

## Permeable Neighbourhoods

**The more permeable the street networks of a neighbourhood, the greater the choice of routes through it, the higher the property value.**

A wider choice of routes, greater integration and permeability of a development with the surrounding area equates to higher values. This means services and facilities are more easily accessible from any one point in the scheme potentially improving their viability. Conventional anti-crime measures can discourage a choice of 'through-routes' in an area in the belief that there will be more 'escape routes' for criminals. If this type of response is not to kill value or even business in a neighbourhood, then such crime might be better controlled through road layouts and building designs that improve natural surveillance and security.

Similarly, road traffic engineers who seek to eliminate 'rat runs' through neighbourhoods by blocking streets may also be eliminating value and commercial inability not only for business but also local residents.

## Unreachable Neighbourhoods

**Neighbourhoods that were only connected at a local level, rather than to their wider surroundings, were worth less as residential locations.**

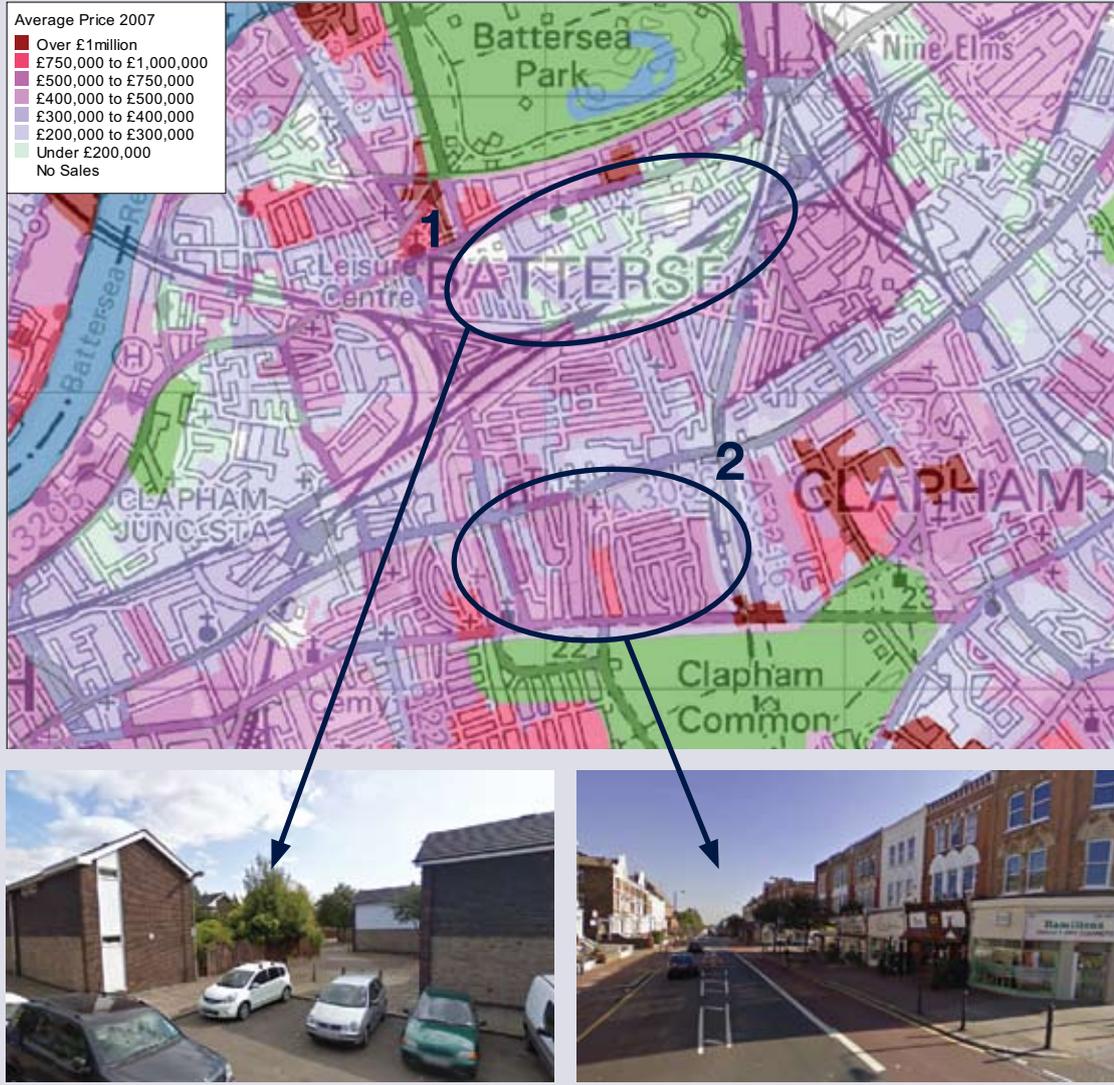
Reachable streets are critical to the placement of non-residential uses within a new development. In the study, commercial centres – pockets or parades of shops – that were only connected to a local neighbourhood and not to a wider area or district, were found to be of lower value than those that were located on reachable streets linked into the wider street network. Even where attention has been paid by designers in the past to creating neighbourhood centres, these parades of shops will often fail if they cannot draw on a wider catchment and through-traffic. It appears that the consequent lack of life also impacts residential values.

This may mean developers should not automatically put local centres in the middle of their sites, which are often based on artificial five minute walk catchments within their own boundaries. Rather, it is important to consider the catchments outside the site boundaries and the routes to them, therefore performing better on the edge, or in well integrated locations.

Inadequate connectivity may be a significant contributor to devalued ex-local authority housing. The 'Le Corbusier'-inspired social housing estates of the 1960s worked on the principle of separating uses, with vehicles and people segregated, and housing in high-density, tower-block forms. These estates were poorly integrated into the surrounding urban environment, which only served to reinforce their difference from the private sector, ingraining social and economic disparity. The limited physical and economic mobility of the residents was reinforced by the built environment, which seems to have reinforced the social segregation and stigma associated with these places.

As stock from these estates has entered the private sector, either through right-to-buy or through new additions and redevelopment, this disparity has continued to manifest itself in open-market residential

Figure 1. Neighbourhood Layout and Value



“Architects are already responding to the challenge of developing products suitable for an integrated urban layout.”

- values. Our analysis of two London neighbourhoods and their associated average selling prices illustrates this point. We have looked at two adjacent districts on the Battersea/Clapham border

Area 1 on the map above, an area of former Local Authority stock, is poorly integrated into its surroundings. It has just a handful of access points onto major surrounding routes, taking little advantage of its situation close to Battersea Park. A typical estate layout of this era, cars and pedestrians are separated, houses turn their backs to the street. Average residential selling prices here at the peak of the market in 2007 were significantly lower than surrounding areas.

By contrast, the area marked 2 on the map above enjoys excellent connectivity to its surroundings. A traditional

London street formation, it has multiple through-routes and connections to the major arteries that surround it. The area supports a number of local retail and commercial uses, within easy walking distance of the residential streets. Fully integrated into wider Battersea and Clapham, the area benefits from, and draws on, higher residential values. These lessons from the past further highlight the relationship between connectivity and residential value, and the importance of paying careful attention to urban layout, particularly with regard to urban regeneration schemes. Agents of regeneration will need to pay careful attention to re-integrating road networks with the surroundings to avoid perpetuating the problems of the past.

### Meeting the Challenge

Applying these principles to new developments on brownfield sites will help to establish places that are attractive to occupiers and secure long term success. Architects are already responding to the challenge of developing products suitable for an integrated urban layout; ‘Rational House’ is one such response, a contemporary take on the classic Georgian townhouse. ►





**Left:** 'Rational House' is a contemporary take on a classic Georgian townhouse.

A 'cityhouse' of good proportions built using modern methods of construction, it is designed to fit to urban street layouts in a high-density and flexible manner. It also provides private outdoor space in the form of courtyards and terraces. Central to the design is the notion that compact development creates sustainable communities.

Critically, a new vernacular design for urban housing needs to deliver high-density housing in a traditional street-layout – akin to that identified in area 2. Like the Georgian Townhouses that came before, it forms handsome streets and can be clustered around garden squares. It is these layouts that both make maximum use of space (and hence land value), but also provide the more desirable and high-value living environments. Flexible buildings and mixed-use content can also be particularly important in this form.

Paying attention to urban layout is of particular relevance to the broader changes we are observing in the urban

development market, as outlined at the beginning of this piece. Critical to viability will be developers' ability to address issues of layout, connectivity and 'place' to deliver the very highest quality places possible, that go beyond the finished housing product. Only by applying this will players provide an asset suitable for investment and/or equity finance over the long term. Developing well functioning, successful and desirable places will be central to the viability of brownfield development sites in a fundamentally changed market environment. ■

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