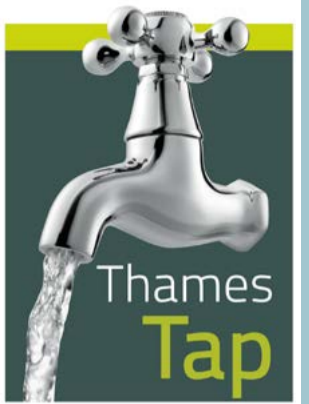


DIGITAL EDITION

OxfordReport

APRIL 2019

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Oxford: a moment to reflect...

Oxford-born Hugh Blaza, UK Property Forums associate and principal at Hugh Blaza Consulting, spent the last 30+ years as a lawyer in the area's commercial property sector. Who better to weigh up the city's past, present and future?

HUGH BLAZA
UK Property
Forums Associate



Oxford is a small city, medieval in its design. The dreaming spires of the colleges and churches will never be compromised by high rise development, and rightly so.

The view of them from the surrounding hills is as famous as that of any other city in the world.

But just like any other city, Oxford has a constant buzz of activity and it demands solutions to its problems. It is remarkable how those solutions have been found. The challenge is to keep finding them. From what I have seen over the years, I have no doubt they will be.

The city reinvents itself constantly. In the 1980s, I had an office in Beaumont Street from where I watched one of the first major city centre redevelopments emerge on Gloucester Green.

We've seen the recent reincarnation of Westgate. And now we're looking at the renaissance of the western quarter, from Park End and Hythe Bridge streets to Oxpens, linking Osney Mead: a new gateway to the city. We can only hope the railway station will rise to meet it.

And then there are the nooks and crannies. To name but a few: The Nazrin Shah Building in Worcester College. The brave (if not controversial) Investcorps Building in St Antony's. The astonishing new Beecroft physics building which is as deep in the ground as it is high.



If it can't go up, it goes out. The Radcliffe Infirmary was the first to go - to Headington where a healthcare campus to rival any, has developed and continues to do so. And whilst we're in Headington, there is the complete reinvention of the old Poly by Oxford Brookes, whose new building has scale and impact as well as providing a 'making hub' for the Faculty of Technology, Design and Environment.

To the surrounding business parks where a combination of re-invention and vision have provided the accommodation needed for the burgeoning business and research population.

These include Oxford Business Park, emerging from the old Morris Motors car factory; Milton Park, from an MoD munitions store and The Science Park, long under the radar but now poised

to expand. Developments at Begbroke, Harwell and Culham are all coming on stream and Oxford North may (and should) do so too.

The city council tells us it can't provide all the accommodation it needs. Central Government sees the county as one of the main drivers of the economy and says it will invest in it and actively seeks private and overseas investment in its growth and connectivity. The innovation sector is tooling up with an eye to commercialisation of its ideas like never before. The city is a magnet for the brightest minds from around the world wanting to study here. There is money to spend if the plans can be realised.

Can the city and the county cope with all of this and retain their character? Oxford is a university city and Oxfordshire a rural

county. The excitement of opportunity is immense and understandable.

There is work which will keep everyone busy for as long as they wish. The challenge is to respect the history and character of the place.

And to remember that Oxford was built for dreamers too. That shouldn't change, whatever else does.



Oxford is a university city and Oxfordshire a rural county. The excitement of opportunity is immense and understandable

CONTRIBUTION PARTNERS



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The Oxford pipeline



A round-up of some of the main projects proposed and/or under construction in the city.



Osney Mead

A £600m University of Oxford scheme to redevelop 44-acre Osney Mead industrial area to deliver a mixed use scheme including an innovation quarter, conferencing and around 600 homes for graduates and staff.



Oxpens

A scheme by Oxford West End Developments, a joint venture between Oxford City Council and Nuffield College, to develop up to a million sq ft of homes, commercial and public spaces across 20.5 acres. Residential units are expected to number around 500.



Oxford North

Formerly, Northern gateway, Oxford North is a new urban district of 87,000 sq m of workspace, 480 homes and 23 acres of open space, including three new parks. Proposed by Thomas White Oxford, on behalf of St John's College, the scheme involves £100m of new infrastructure.



Northgate House

£36 million redevelopment of a 1960s building in Cornmarket Street, owned by neighbouring Jesus College, into a mix of commercial units on the ground floor and research and teaching facilities, along with 68 student rooms, above.

Work has begun and the new Northgate House is due to open in 2021.



Mosiacs Oxford, Hill.

Barton Park

Oxford City Council and Grosvenor Developments joint venture to develop 885 homes, 2,500 sq m of retail, hotel, primary school, community building and open space on a 90-acre site to the north east of Oxford.



Westway Place

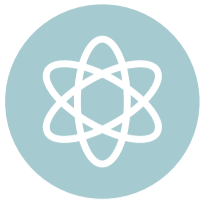
Major mixed use scheme by Mace Developments of 38,000 sq ft of retail, 140 homes, 3,000 sq ft of offices, hotel, a foodstore and community building for library and church. Due to open in Summer 2020.



Oxford Station

£125m redevelopment planned by Network Rail to increase capacity. Funding issues have led to delays and there are question marks about the scheme's progress.

Top Gear: Oxford in pole position



Bhavash Vashi, senior associate director at Strutt & Parker's planning team in Oxford, argues that the property industry is key to the city's car industry.

BHAVASH VASHI
Senior Associate Director
Strutt & Parker



There is clear consensus that the UK automotive industry is going through a period of rapid change. But does the car industry now face going into reverse?

The BMW Mini plant, based in Cowley, produces around 1,000 vehicles every single day and employs thousands. The car plant is a huge source of pride for Oxford. But there are dark clouds ahead especially with recent announcements by Honda to close its Swindon plant in 2022 and return manufacturing to Japan, with the loss of over 3,500 jobs, and Jaguar Land Rover announcing it would shed some 4,500 jobs, most of them in the UK.

When the auto sector shrank in Detroit in the 1990s and early 2000s, an entire city was hollowed out. This is not to say that the same could happen in the UK as automotive manufacturing is not as geographically concentrated as in the US, but nonetheless the changes it is going through will have a profound effect on regional property markets, including Oxford.

Some commentators see this round of news as a temporary cyclical slowdown, but others (me included) see major structural change, given the falling industrial take-up numbers (mainly as a result of declining output), customer demand and changes in vehicle technology.

Technological advances including driverless cars, changing ownership patterns and competition for manufacturing space from other countries, means Oxfordshire plc needs to deploy innovative ways to attract and retain highly skilled staff and maintain a ready supply of the right type of manufacturing and innovation space in order to stay ahead of the chasing pack.

It's not all doom and gloom. There are reasons to be optimistic too. Not least because of the growth in research and innovation in motion technology, including electric vehicles and the associated development of battery technology, something we do well here in the UK.



Motor works, Cowley by David Hawgood



There are reasons to be optimistic too. Not least because of the growth in research and innovation in motion technology

There is no reason why we cannot support and accelerate this highly-skilled sector by developing the right type of industrial and manufacturing floorspace in the right locations, but all players including developers and local authorities need to recognise their responsibilities and act in a co-ordinated manner.

Inevitably, this may result in the need for less land, but in my view nowhere near the losses that were witnessed in the US.

How the property industry adjusts to these changing demands will be key to ensuring the continued success of Oxford's car industry over the coming decades.



Technological advances including driverless cars, changing ownership patterns and competition for manufacturing space from other countries, means Oxfordshire plc needs to deploy innovative ways to attract and retain highly skilled staff

Shaping a new Oxford



Barton Willmore director, Nick Paterson-Neild, discusses where the higher education sector sits in the wider context of Oxford and Oxfordshire's growth.

NICK PATERSON-NEILD
Director
Barton Willmore



As we move into the Spring of 2019, the higher education sector faces a period of unprecedented change.

Following the removal of student number controls in 2015, we have witnessed an increasing marketisation of higher education, with universities and colleges operating in a competitive environment with widening student choice.

Allied to this, there is increasing participation in higher education, with 25 per cent more under 20-year olds in higher education than in 2006. Across the UK we are set to see a 23 per cent rise in the number of 18-year olds by 2030. By simply continuing the trend of the last 15 years, we would need 350,000 additional places nationally by the end of the next decade.

This market competition and growth comes at a time of funding uncertainty over tuition fee levels, where reductions in Government funding and political uncertainty, undermines financial certainty. At the same time institutions' ability to benefit from Horizon Europe research funding post-2020 or continue to participate in Erasmus+, hangs in the balance.

Yet the opportunities for Oxford, given its dependency upon education, are strong and based on robust foundations. The Oxfordshire Industrial Strategy seeks to build on the strengths of the region's universities and world leading science and technology clusters, to pioneer emerging transformative technologies and sectors through doubling GVA to £46 billion by 2040 and by creating a minimum of 108,000 (net) new private sector jobs in the county from 2018-2040.

The National Infrastructure Commission (NIC) has considered how to maximise the potential of the Cambridge-Milton-Keynes-Oxford corridor as a single, knowledge intensive cluster that competes on a global stage, protecting the area's high-quality environment and securing the jobs and new homes that the area needs.

Investment in infrastructure will also be vital, not only for the economy, but also



to tackle the rate and delivery of new housing. The NIC notes that success cannot be taken for granted and without urgent action, a chronic undersupply of homes could jeopardise growth, limit access to labour and put prosperity at risk.

The Oxfordshire and Housing Growth Deal will provide funding towards affordable housing, infrastructure improvements and economic growth. Alongside this, the Oxfordshire authorities have committed to plan for the delivery of 100,000 new homes up to 2031 and to the production of the Oxfordshire Plan 2050.

This plan will define a long-term vision for the county, setting the framework for future decision making on development, infrastructure and place making. As we have seen across other major cities and regions, this initiative could significantly transform and catalyse ambition in the short term, and, through cross-boundary working, deliver efficiencies and co-ordinated decision-making that better respond to needs, opportunities and challenges across the county.

For too long there has been an absence of strategic planning in Oxfordshire, despite the good work undertaken by the Oxfordshire Growth Board in identifying



Photo by Andrew Neel on Unsplash

a way to address unmet need from the city - it is ultimately essential to have a strategic framework to direct sustainable development and to support a joined-up approach to infrastructure delivery.

The higher education sector has a key role in this, underpinning knowledge intensive growth for academic institutions and the wider sub region and beyond. The imperative must surely be a planning process that drives ambition and growth, recognising that development can support environmental, economic and social sustainability, if planned in the right way. Planning must lead to ensure the realisation of growth potential.



Oxfordshire authorities have committed to plan for the delivery of 100,000 new homes up to 2031 and to the production of the Oxfordshire Plan 2050

Relieving Oxfordshire's growing pains



Tony Russell, director, land development, Oxford, for PBA, now part of Stantec, weighs up the challenges facing the city and the county.

TONY RUSSELL

Director, Land Development
PBA, now part of Stantec



Do you sit in your car in a slow-moving queue on the A34, stand in a hot, over-crowded train or watch cyclists fly past your bus while it's stranded in traffic?

Would you like to live closer to where you work and stop that long and costly commute? I suspect the answer is 'yes'.

Whilst Oxford was named the 'best place to live and work' in the UK in 2018 for the second year running (2018 Good Growth Cities index), it has lagged behind other cities when it comes to equality, work-life balance, affordable house prices and transport.

Given that Oxfordshire's population is predicted to grow by 30 per cent, from 702,000 in 2018 to around 911,000 by 2037, life is unlikely to get any easier.

Success also brings a talented pool of workers that currently sits at 434,800 strong with a total output (GVA) of £21.9 billion. This places pressure on the supply and affordability of housing and adds to peak period traffic congestion on a struggling transport network.

The need for new housing and supporting infrastructure has never been more urgent. PBA, now part of Stantec, is proud to be supporting the delivery of strategic developments at several locations in Oxfordshire.

At Barton Park, we are supporting the master developer, Grosvenor, in the delivery of quality infrastructure in accordance with the Design Code. The first phases of affordable housing have now been completed and a new primary school is due to open next year.

Knock on regeneration of Barton has also resulted. In Oxford North, LGF funding has been secured to enable early delivery of highway infrastructure. PBA is supporting the delivery of new strategic sites including a new Garden Village in West Oxfordshire and the South Oxford Science Village proposals south of Grenoble Road in South Oxfordshire.

These strategic developments will take steps towards meeting the housing and infrastructure needs of the new



communities that will be created but must be accompanied by the delivery of planned infrastructure to upgrade the existing network.

The Oxfordshire authorities are benefitting from the £215m Housing & Growth Deal with central Government. More recently the county council has secured a further £218m of infrastructure funding to support the delivery of new homes and improved transport links including walking and cycling routes at Didcot.

The challenge is to ensure that this money can be spent quickly and in an effective manner to deliver the infrastructure required to unlock planned housing and new affordable homes.

It is vitally important that future infrastructure improvements provide flexibility to respond to changing technologies and lifestyles and make provision for more digital connectivity.

Only time will tell, but the onus is on the authorities and the development sector to work in partnership and deliver on



Image courtesy of: Mosaics Oxford, Hill.

the deal, which is crucial to facilitating growth and maintaining a prosperous local economy.

Looking beyond the present funding and identified infrastructure, the authorities and promoters of further development growth must identify investment priorities, secure further funding and deliver the better quality, safer, more resilient and higher-capacity solutions that we all seek as future travel options in Oxfordshire.



It is vitally important that future infrastructure improvements provide flexibility to respond to changing technologies and lifestyles and make provision for more digital connectivity

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Whatever name you give it, the route between Oxford and Cambridge is a massive opportunity for both cities. Savills and, on the next page, Vail Williams, offer their respective thoughts on the routes themselves and the development opportunities.

Government reaffirms its support for the Oxford to Cambridge arc



Matthew Davis and Tom Watson from Savills' development team in Oxford, outline the story behind the proposed road and rail links between Oxford and Cambridge.

TIM WATSON
Director, Oxford Development Team, Savills



MATTHEW DAVIS
Associate Director, Oxford Development Team, Savills



The Spring Statement was presented to parliament last month and, in it, the Government reiterated its ambitious plans for housebuilding – with a target to deliver 300,000 new homes a year within the Oxford to Cambridge Arc by the early 2020s.

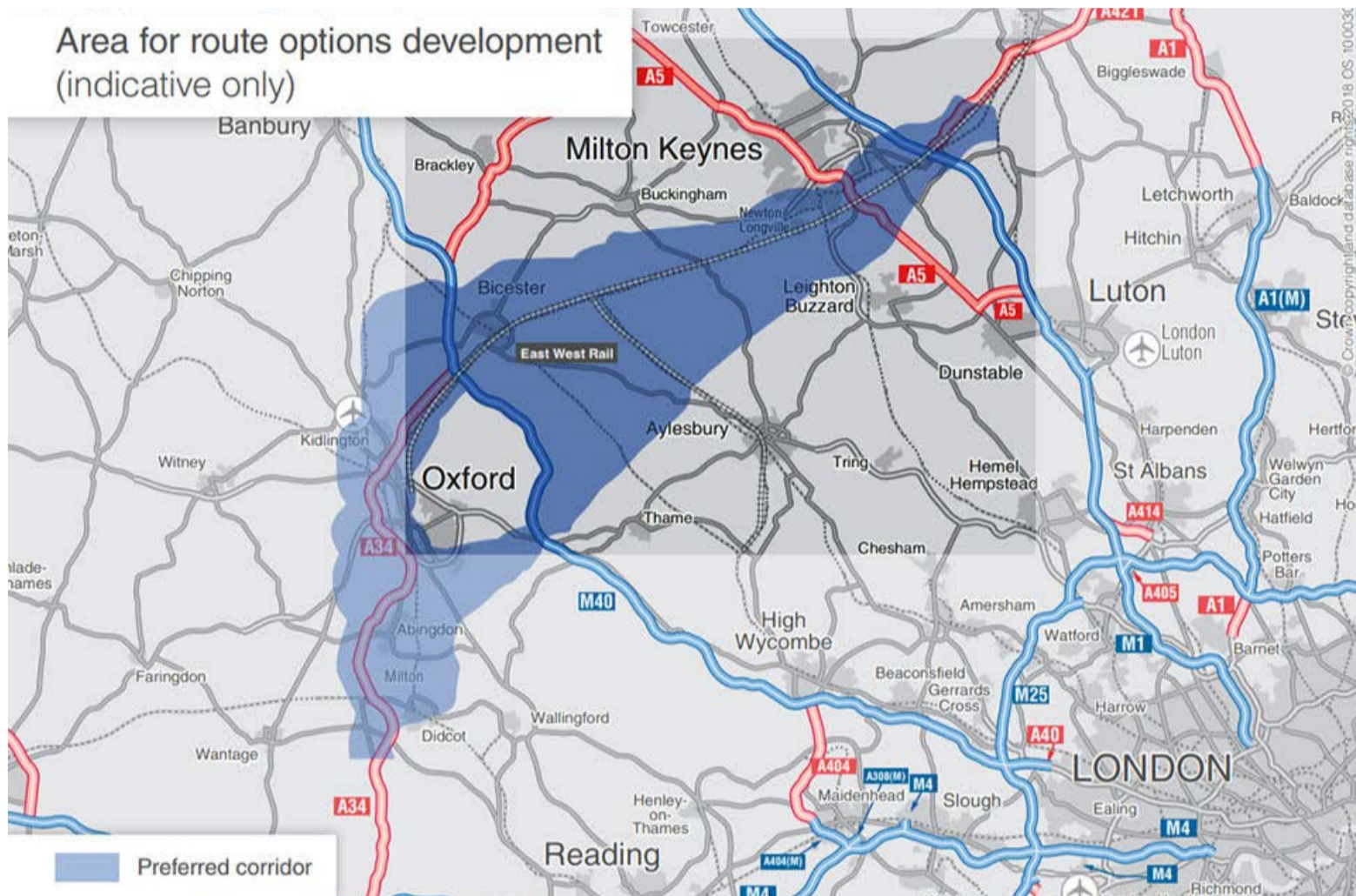
Within this bold plan the Government, alongside local partners, sets out a firm commitment to delivering around one million new homes in the arc by 2050.

It is stated that this will be accompanied by significant associated employment development to complement the already strong knowledge, technology and high value manufacturing industries within the arc. New strategic infrastructure is key to unlocking this extraordinary level of growth over the next 30 years, and there are two main transport infrastructure strategies in place:

East-West Rail link – the route is already set from Oxford to Bedford, with £1 billion being spent to complete the link between Bicester and Bedford by 2023, but uncertainty remains over what route the line will follow between Bedford and Cambridge. The provision of the new Oxford Parkway Station, between north Oxford and Kidlington, has helped facilitate significant new housing being proposed within the immediate area via the emerging Cherwell District Council Local Plan (Part 2).

The Oxford-Cambridge Expressway – dubbed by some as the 'Brain Belt' or 'Silicon Highway', the new, continuous roadway, with limited roundabouts, will be more akin to a motorway than the standard trunk road network.

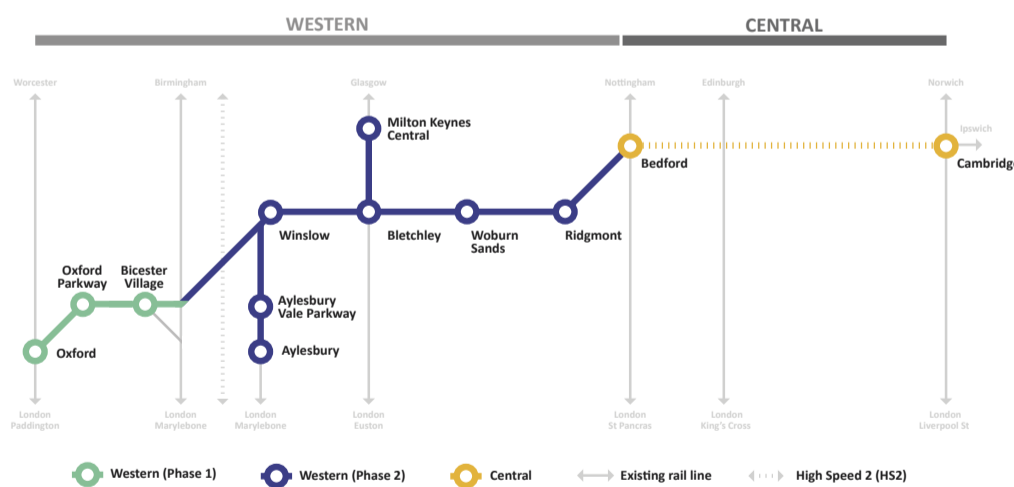
It aims to cut journey times considerably between the two key cities at either end



of the arc. Importantly, it also aims to make Milton Keynes more accessible from both east and west, complementing the existing strong connectivity, north and south. It will also be key to unlocking development, which could include intensification of existing settlements along the route, as well as new small settlements, new towns and potentially, a new city.

In contrast to the rail link, the route from Cambridge to Bedford is confirmed in large part, whilst the exact route from Bedford to Oxford is much less clear. In Autumn 2018, Corridor B was confirmed as the preferred option, however this remains a very broad area. Crucially, it does not indicate whether the road will go to the north or south of Oxford before linking to the A34 and south to Newbury and the M4.

The exact route of the Expressway as it nears, contours and then heads away from Oxford, and particularly the location of exit junctions, will be of keen interest to landowners, residents and workers in and around Oxford alike.



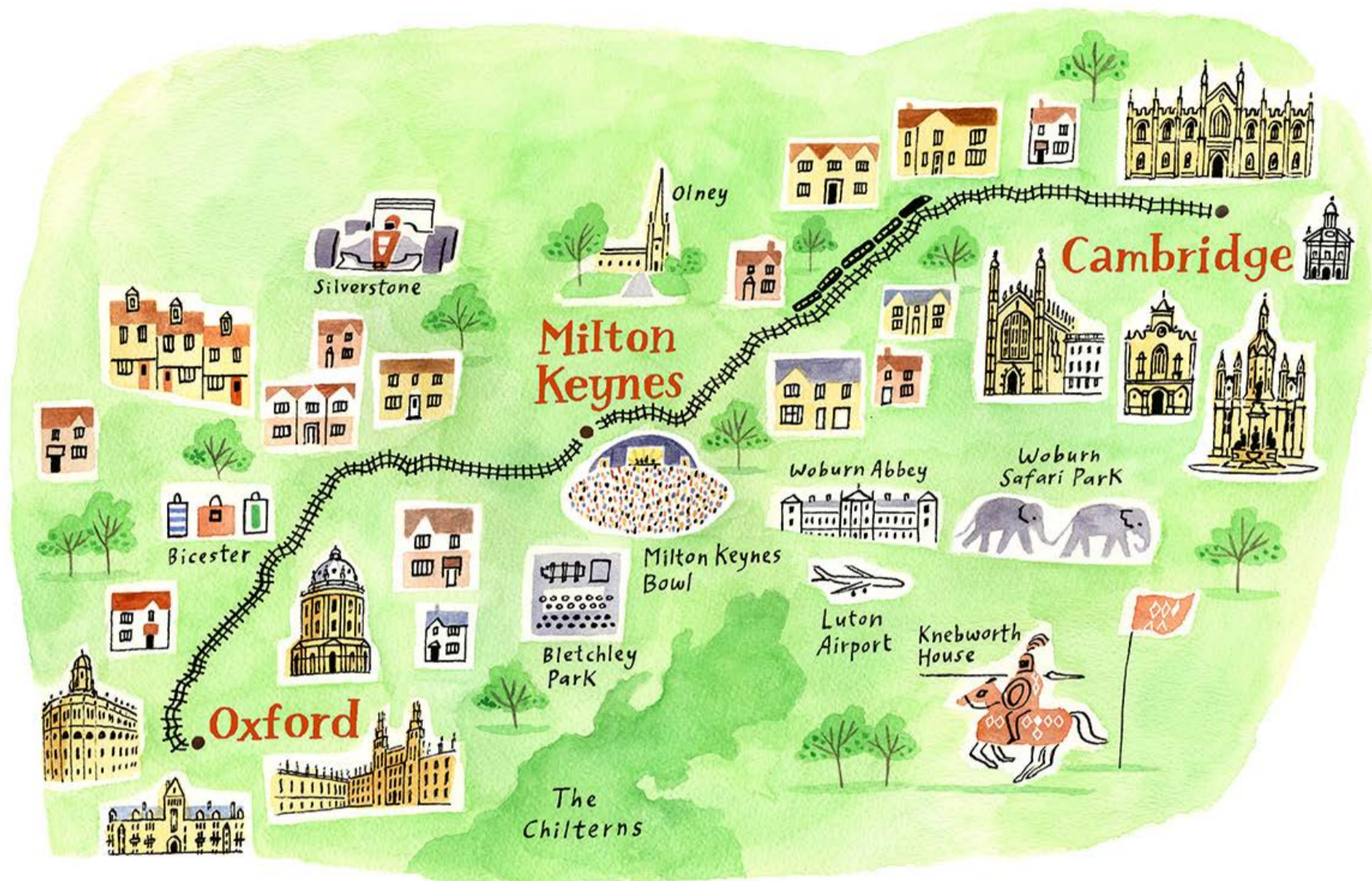
The route and junction locations are likely to be the focus for new development, both residential and commercial. Supporters will look to benefit from the opportunities for intensified land values, new facilities, more choice of housing and new commercial neighbours to do business with. Meanwhile, many will be concerned with the environmental, social and economic impact which the change in landscape may bring.

Whilst the route of the Expressway around the Oxford area won't be known for some time, what is certain is that the question over how to make best of the opportunities it will bring, where to site new development and how to mitigate the environmental impact, will continue to be the subject of intense debate.

Arc puts the spotlight on development opportunities



Vail Williams associate, Miles Collison, considers future development in the light of the the proposed new east-west connections.



MILE COLLISON
Associate
Vail Williams



to include the Expressway. Further consultation on both routes is expected later this year.

Oxfordshire has secured just over £200 million of funding under the Housing & Growth Deal to assist the county to provide infrastructure to unlock land for an ambitious 100,000 new homes by 2031.

There is plenty of debate as to whether the county really needs all these houses, when the focus should be on infrastructure first, more schools, better roads, improved public transport, and more employment generating opportunities.

Google the 'Oxfordshire Housing Market' and the first two results shout:

"Oxford house prices falling faster than most of UK"

OXFORD MAIL MAY 2018.

"Oxfordshire house prices rocket by more than 150% in just 5 years"

OXFORD MAIL AUGUST 2018.

This is a good example of how to spin a headline to fit a story, both are correct in so much as house prices over a five year period did rise in many parts of the county by the stated amount, and in pretty much all of the county by at least 75 per cent; and in March 2018 they did indeed fall back by 1.3 per cent (ONS) - more than in many other parts of the UK.

Oxford itself was still the most expensive city in the UK by earnings to house prices at 11.5x average salaries in 2018. Building the right sort and mix of housing tenure is critical to improving affordability.

There is certainly a desire to deliver better planned developments where infrastructure in the form of road improvements, public transport, schools and local facilities are delivered alongside new housing, rather than the housing first and infrastructure at some undefined time in the future.

Look for example at the 500 shortfall in

school places in Oxfordshire to see just how complex a problem this becomes - cart then horse.

In terms of the market, there has been a gradual softening of land prices due to continued upward pressure on build costs and developers building in additional profit margins to counter the threats from the wider impending economic uncertainty, and the expected increase in consented sites coming to the market.

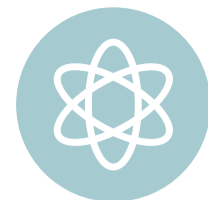
The other area that has seen the strongest growth in interest is for strategic employment land sites that could deliver a much-needed mix of light industrial units, distribution sheds and drive-through operations. In the right location around main road junctions, employment land can out-perform residential land values..

Like a latter-day goldrush, developers have been falling over themselves to put their markers down and secure potential development land along the proposed OxMkCam arc.

The arc will include a new east-west rail line through Oxford - Milton Keynes - Cambridge, an Expressway transforming the current tortuous east/west journey times and the aspiration to build a million new homes along these new routes to make the area more affordable. As one commentator put it, connecting highly successful places that currently have poor interaction.

The Government has so far provided funds for the planning stage of the railway line and pledged over £25 billion for a UK wide roads improvement fund,

March of the machines in Oxford and Cambridge



Office and laboratory take up in Oxford and Cambridge has averaged one million sq ft per annum over the past three years, with almost 75 per cent of this occupied by knowledge-based companies, according to Bidwells research director, Sue Foxley.

SUE FOXLEY
Research Director
Bidwells



Last month the Office for National Statistics (ONS) published its new estimates of the skills and tasks at risk, as a result of automation in England.

The analysis, not for the statistically faint hearted, suggests around 1.5 million roles in England are at high risk. The flipside to this analysis is the rapid expansion in high value roles developing in leading edge science and technology companies, including perhaps ironically, artificial intelligence.

The latest analysis of the UK economy underlines the importance of the science and technology sector to our economic health. Many segments of the service sector, which dominates our economic output, have seen weakness over the last year, while the science and technology sectors have shown significant out performance.

Over the past two years, the service sector as a whole has averaged three per cent growth per annum, while the knowledge-based sectors have expanded by 5.2 per cent and 5.5 per cent, respectively. However, in many respects, the story of these sectors is only just starting; the future potential is significant, particularly as we navigate our future economic model and its global reach.

Nowhere in the UK is the potential more evident than in Oxford and Cambridge. Knowledge-based industries have been the main driver behind office and laboratory space lettings over recent years. Over the past three years, take up in these cities has averaged one million sq ft per annum, with almost 75 per cent of this occupied by knowledge based companies.

The implications of the march of technological development became evident in Oxford in 2018. The city, a world leader in AI expertise and venue for a forthcoming global AI conference in September, has seen a step change in office take up due to the expansion of knowledge-based industries.

Take up in the city has surpassed 400,000 sq ft for two consecutive years, with 65 per cent of this space taken by companies in the knowledge sector. In



fact, the impact is more acute. Over a third of industrial space taken in Oxford in 2018, was occupied by knowledge-based companies.

A growing proportion of this knowledge-based demand is spurred by spin-offs. In fact, a third of all firms in Oxford were formed since 2013, many spun out of the university with the support of innovation services support.

Centres of global scientific excellence, exemplified by Oxford and Cambridge, will inevitably feel the pressure of their success during the exciting years to come. This pressure extends well beyond rising office rents. A similarly world-class strategy for housing and transport infrastructure is needed to support this growth if we are to avoid damaging the strengths that underpin the international appeal of these cities as a place to live, work and innovate.

For more details on office and labs take up, please read our latest databook research [HERE](#).



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