

EXPERT OPINION

## A Capital Idea for Food & Beverage Operators

London's Mixed-Use and Residential Development Explosion is Creating F&B Opportunities

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As we emerge from the pandemic, the London landscape is changing noticeably. Huge numbers of tall apartment buildings are being built, largely part of mixed use schemes, and many are joint ventures between London boroughs and developers.

Earlier this year, CACI research revealed that, from 2018 to 2020, 132 mixed use schemes providing over 1m sq ft of Class E space allowing retail/F&B were granted planning permission. That's quite a significant increase of available stock in a market already having a difficult time.

Yet the capital's development pipeline is very relevant to operators.

The target market for many of these new residential schemes are the 25-35 age group. The millennials are on the move, so it's goodbye to the flat shares in Dalston and Camberwell and hello to new homes in the next trendy part of town.

In their droves, first time buyers are snapping up flats in these regeneration hotspots. Wembley, Croydon, Elephant Park, Hayes, Lewisham, Stratford, the list goes on... These are nearly all areas that would not have been on the radar as places to live a few short years ago. Developers such as Lend Lease, Quintain, Muse and Ballymore are building schemes ranging from 2,000 apartments (Lewisham) to 8,000 (Wembley), with each development basically re-positioning the core of the towns.

New parks, huge convenience stores and cinemas are par for the course and, with an innovative asset management strategy when leasing the commercial units, the tone for the development is created and making these new hotspots highly desirable for young professionals and families alike.

Developers' profits are largely generated from the sale or rental of apartments, but you have to get the mix of tenants right within the overall scheme to create a sense of community and the vibrancy needed to attract buyers or renters. The types of tenants sought are often independent, local traders, such as grocers, bakers, coffee shops and artisan restaurants that all help make a sense of place.

These new hotspots are great news for incumbent residents too as new amenities and shops are opened. Local authorities are also benefitting from the added business rates collection, while the once no go centres where retail was long dead are now swarming with new offerings and a demographic that wants to be there for all the right reasons.

While the property industry has taken a hammering from operators over the last 15 months, sometimes justified but many times not, credit should be given to developers in providing London with a new choice of affordable areas to live, work and play.

Their commitment to the capital is creating new opportunities for the sector we all love to thrive once again

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