

APPENDIX 6 MARKET CONTEXT

1.1 Residential market

Following years of growth of the super prime and prime markets in Central London, these markets have now begun to stagnate or recede. In their place, the outer 'doughnut' markets of sub-£700/sqft values such as N17 (which includes Northumberland Park) are now demonstrating considerable growth. Prices appear extremely resilient, with Haringey having witnessed a 1.8% increase in August 2016. Additional analysis of the wider London market is included in the Placemaking section of the HDV Business Plan.

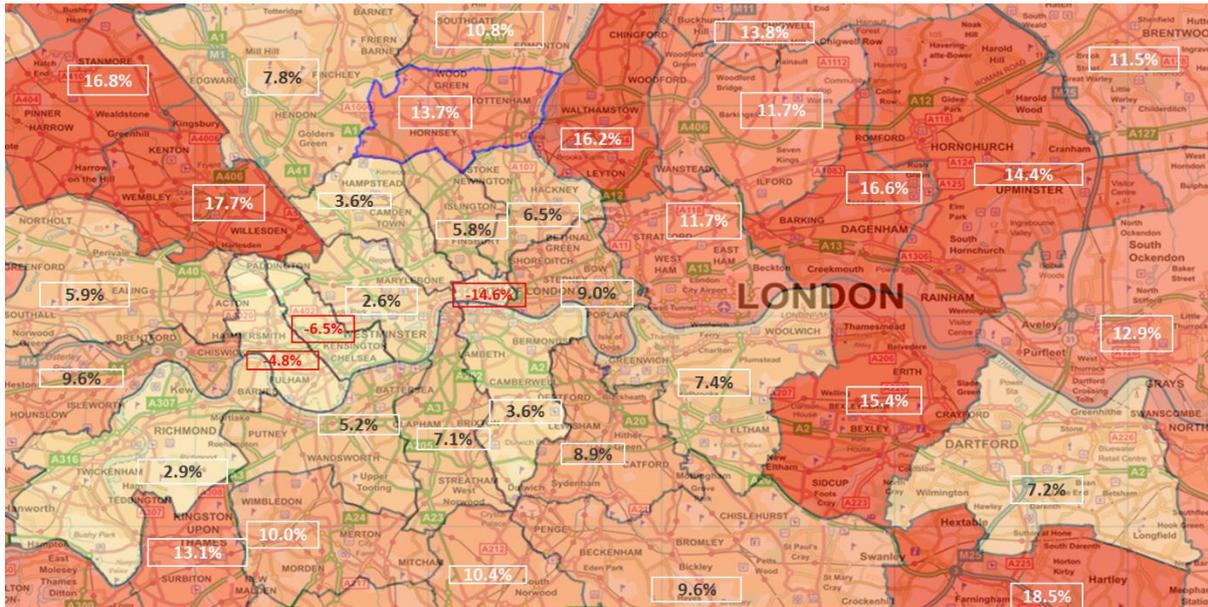


Figure 1: House price growth in last 12 months (Land registry Oct 2016)

In Northumberland Park average prices are currently amongst the lowest in the borough, averaging £435/sqft. There is very limited available new build stock within a 25 minutes radius walk of Northumberland Park and what exists is predominantly poor quality ex-council housing with a lack of variety of sizes and typologies.

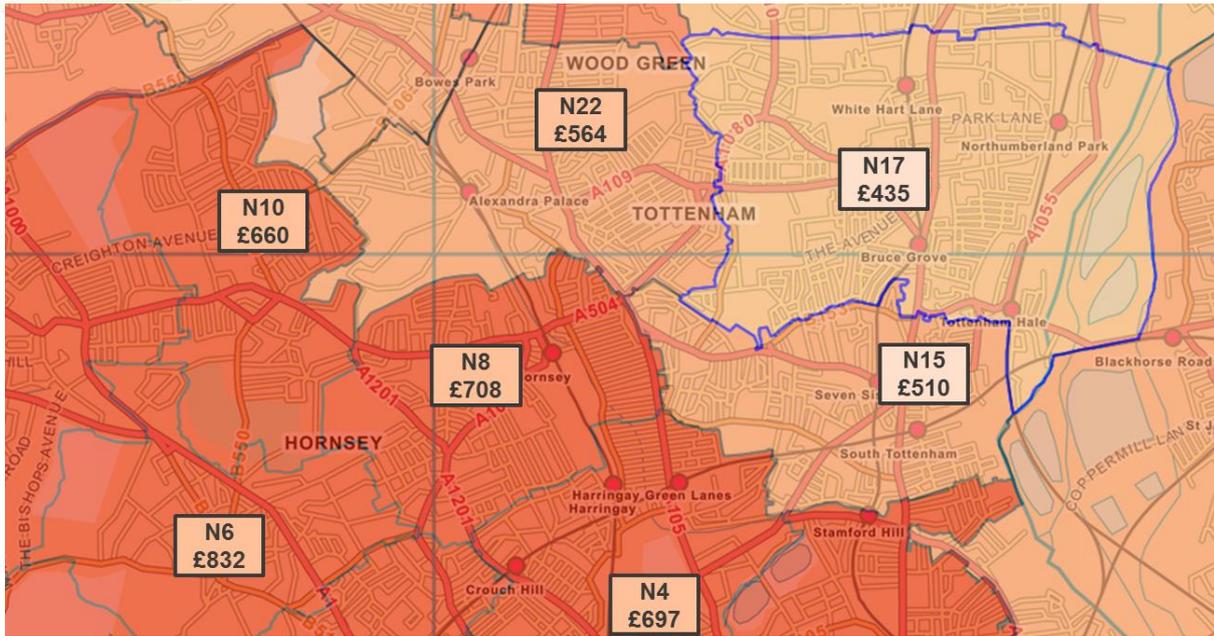


Figure 2: Average house prices by postcode (Land registry Oct 2016). Northumberland Park is included within the N17 postcode.

There is an east/west divide in the borough, with average values in the west almost double those in the east (where Northumberland Park is located). However, there is a movement toward equalisation, with annual growth in the east outperforming the west. N17 is the strongest performing postcode, having seen price rises of 5.1% between February and August 2016.

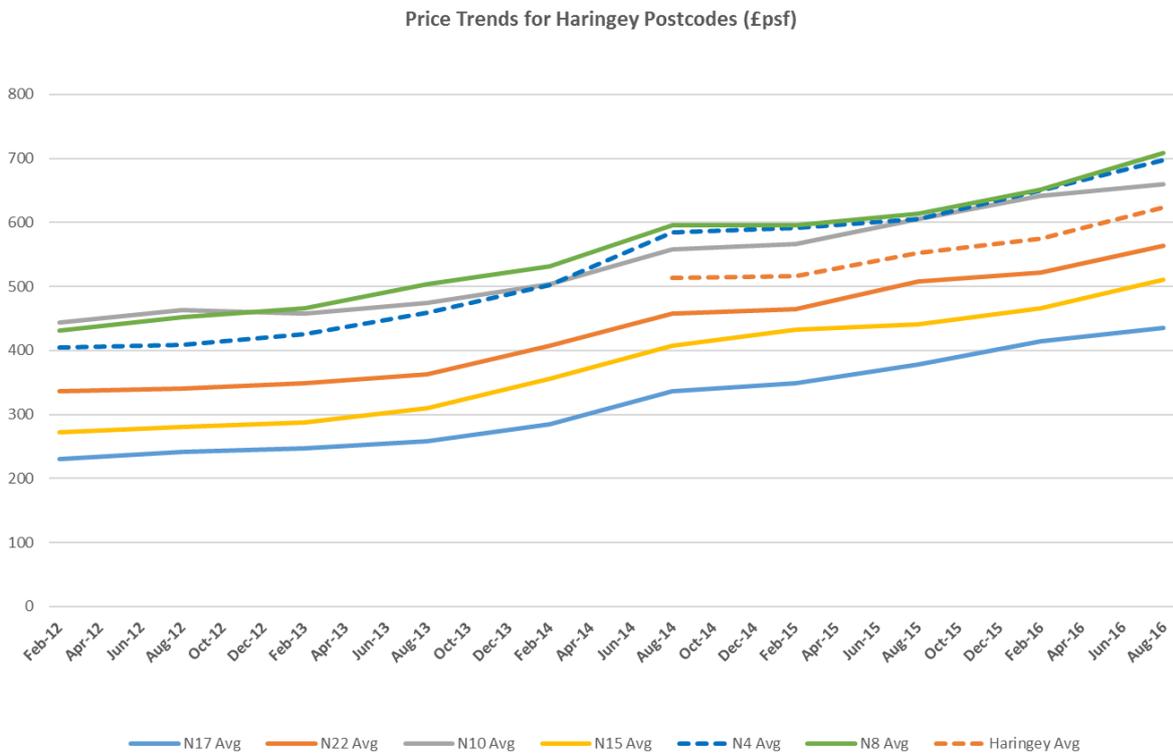


Figure 3: Average price growth in Haringey

The current growth in values looks set to continue for the mid to long term due to the planned improvements to transport infrastructure and wider regeneration of the area (both set out earlier in this Business Plan). Northumberland Park will become an attractive location to those who want to be well connected with Zone 1, but cannot afford Zone 1 or 2 prices.

General interest in Northumberland Park is strong due to its affordable price point and potential for capital growth from regeneration plans. This has resulted in high demand despite the current market slowdown. Average selling time is four to six weeks assuming the property is realistically priced (the borough average is 12-13 weeks).

However, local agents aren't seeing many new instructions, with many sellers choosing to hold and rent instead due to strong rental demand and good yields.

1.2 Affordable housing

The Northumberland Park ward census data provides useful intelligence about the existing housing stock that has informed the affordable housing offer embedded in the Business Plan:

- More than 50% of households earn less than £20,000

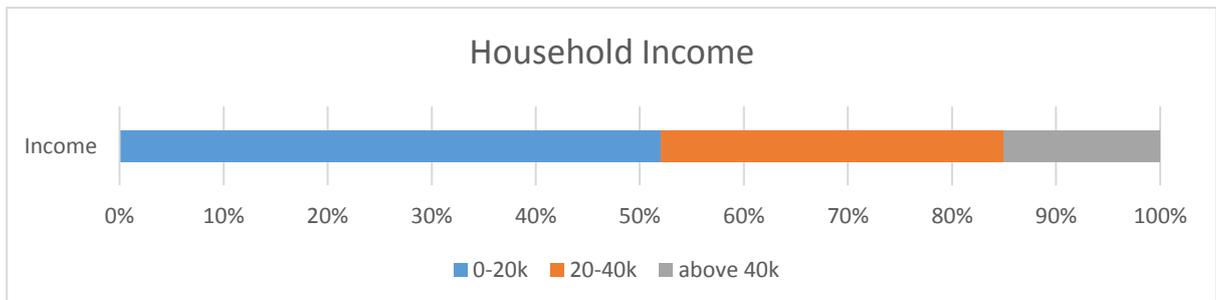


Figure 4: Average household income levels in Northumberland Park

- 49% of the existing housing stock is social housing, compared with a London average of 27%. Below ward level, there are even greater contrasts of tenure and polarisation, with 80% of homes in the eastern portion of the site (Phases 2 and 9), being socially rented.

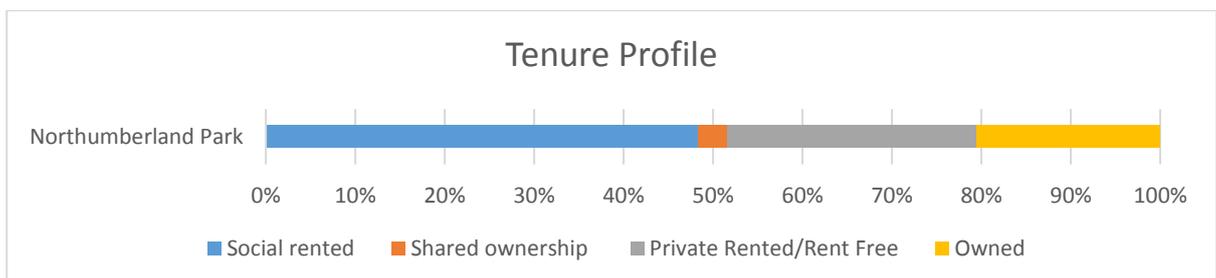


Figure 5: Average home tenure in Northumberland Park

- 13% of households include older people, the majority of which are social rent tenants. Specialist older person housing will be included within the masterplan where appropriate, and once specific needs are understood via engagement;
- Approximately 88 social rented households are under occupied; and

- Overcrowding is more prevalent across all tenures than at borough level.

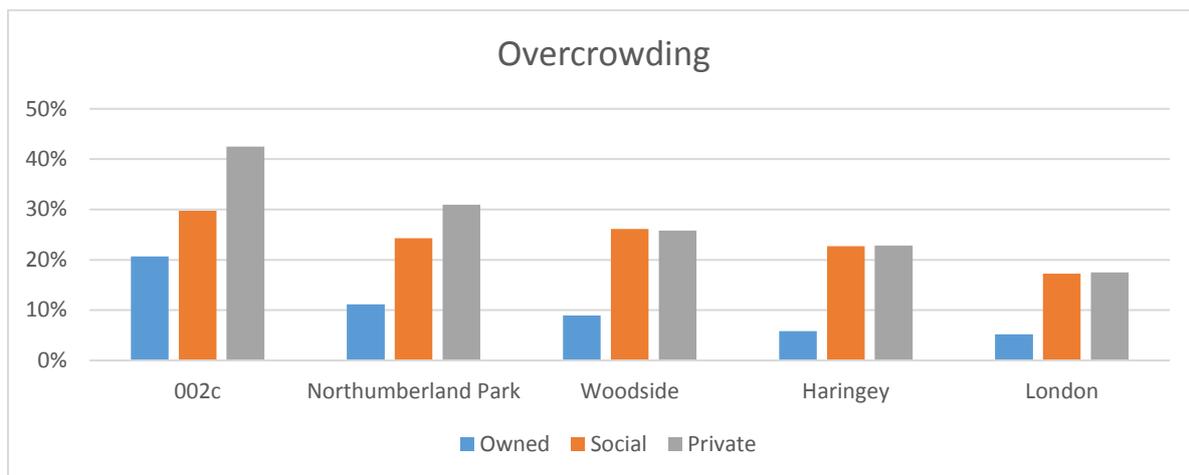


Figure 6: Overcrowding in Northumberland Park (area 002c is equivalent to Phases 2 and 9)

1.3 Commercial market

Current leasing trends demonstrate that a fundamental shift has occurred within the central London market. Over the last 18 months more than one million square feet of space occupied by organisations moved from the West End eastwards or southwards. This was driven by a number of factors including:

- Low vacancies in the West End (currently at 3.5%, its lowest level since December 2007);
- Significant price rises in traditional office locations; and
- Greater availability of better quality space in the City/Fringe suburban markets.

Total property costs for Zones 1 and 2 have typically increased in excess of 45% over the last five years, and an increasing number of larger businesses are becoming increasingly flexible on where they are based, and are seeking more cost-effective locations outside of the traditional markets. Examples which have particularly benefited from this trend in recent years include:

- King's Cross and Shoreditch, with prices increasing up to £70/sqft (which as a result is forcing smaller businesses out);
- Stratford or Docklands, where prime rents are sub-£40.00/sqft, as exemplified by the recent lettings to the FCA and TfL at Lendlease's International Quarter London project.

Increasingly businesses are recognising the importance of good quality office space with local amenity and leisure space to attract and retain staff. Occupiers are becoming increasingly mobile and willing to look for 'non-core' locations, encouraged by better amenity and cheaper rents.

Ongoing improvements in technology are increasingly enabling remote working, whilst transport infrastructure investment is creating better access to previously untapped locations.

Currently Haringey is not a recognised Greater London office location. It has little new build office stock, and has very little commercial letting activity in comparison to other North

London boroughs. It also has a low supply of existing stock. What is available is of lower quality that would not meet the sophisticated needs of modern occupiers with a preference for Grade A stock.

There is approximately only 12,606 sqft of Grade B and C stock currently available in Haringey in total.

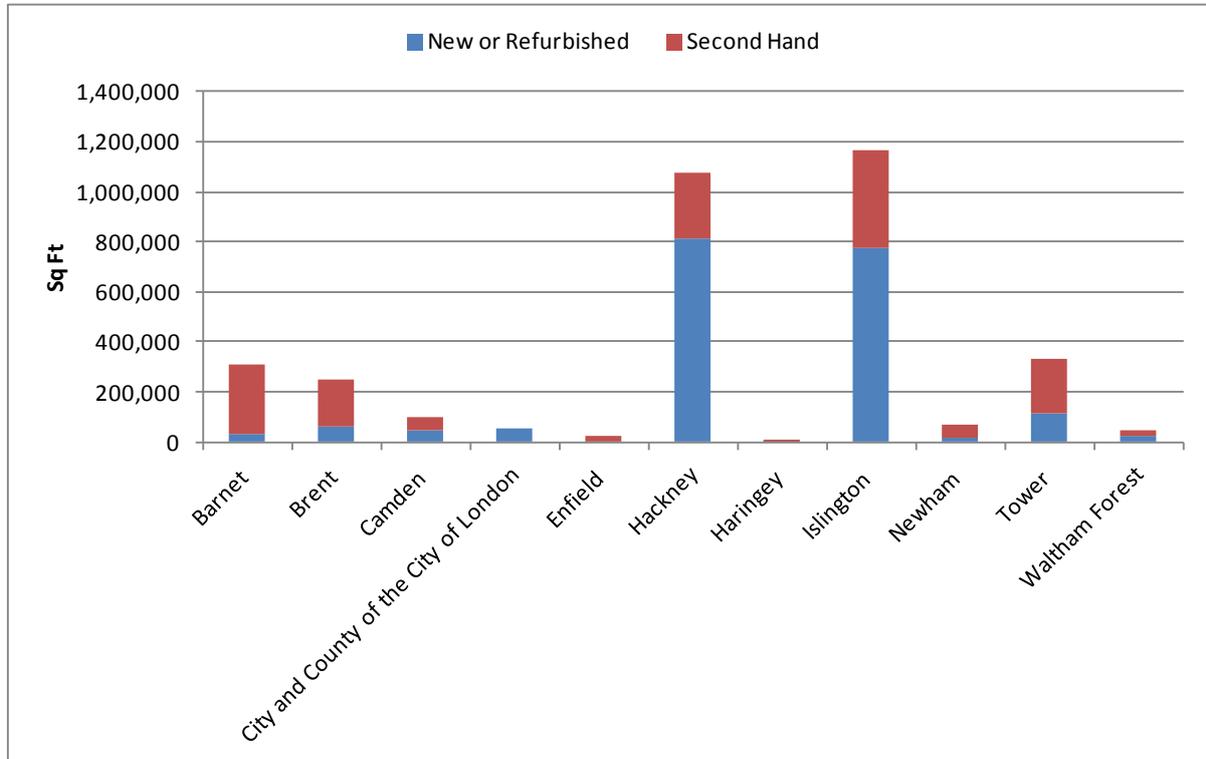


Figure 7: Availability of commercial space in North London boroughs

In particular the Northumberland Park area offers very little quality office accommodation. It is dominated by un-refurbished buildings and notably lacks any quality retail amenities.

The proposed arrival of Crossrail 2 to Northumberland Park in 2033 and the associated increased frequency and speed of connection that this will bring to Central London, will create a significant opportunity for commercial development. In advance of this, the proposed four tracking of the West Anglia service from 2026 will also bring considerable opportunity.

The continued tightening of availability in other London locations, together with a comprehensive regeneration of Northumberland Park, will be key to achieving a change in attitudes towards the area.

However, when targeting the larger corporate occupiers, there needs to be a reason why occupiers would choose Northumberland Park over other potential North London affordable locations, such as Wembley Park, Brent Cross, Cricklewood or Borehamwood. In order for Northumberland Park to thrive it needs to have a unique selling point that will attract an 'anchor tenant'. This can be achieved in the shape of strategic tenant selection to create a strong business cluster. In particular companies that hold innovation and collaboration as core to their strategic plan typically cluster in certain business locations.

The continued tightening of availability in the fringe of Central London, together with a comprehensive regeneration, will be key to achieving a change in attitude towards Northumberland Park. The creation of a truly mixed-use environment such as that proposed will only add to this market and increase the ability to attract higher quality office occupiers

1.4 Retail market

Two locally important shopping streets border Northumberland Park: the High Road to the west of the site, offering traditional, locally focused and tenanted high street shopping; and Park Lane to the south of the site, which offers local amenity shopping. The existing stock in both locations has suffered from a lack of investment during the last few decades, and is generally in a reasonable to poor state of repair and has an unfocussed mix of uses due to fragmented ownership.

The High Road has two distinct zones of retail provision. The first zone, between Stellar House and Northumberland Park Avenue, provides some limited low-end multiple retailers (including Barclays Bank, Paddy Power, Costcutter, Co-op Funeral Care and Domino's Pizza), with the larger balance comprising value-led independent retailers. The second zone between Northumberland Park Avenue and Park Lane includes on the eastern side of the road the under-construction frontage of the Tottenham Hotspur FC stadium, which will provide new retail units by 2018; and on the western side of the road a mix of residential, industrial community and retail uses exist, albeit this is likely to see significant change through the High Road West redevelopment proposals. It is understood that this development will see the development of a new local centre, comprising a hub of retail, catering, leisure and community uses working with both Tottenham Hotspur FC and White Hart Lane train station. This will refocus the offer, build on and work with the High Road offer to boost the retail provision for this part of the borough.

Park Lane is a mixed-use street that includes frontages to the Tottenham Hotspur FC stadium and the St Paul's Primary School, residential properties, some community buildings and two clusters of retail, both of which solely comprise value-led independent retailers, some independent food and beverage outlets and unoccupied units. The first comprises five units opposite the stadium development, whilst the second comprises circa 25 units midway between the High Road and Northumberland Park station. Its environment is poor, uninviting and does not encourage visitors to dwell once there.

Generally the retail in all locations serves a very local area, catering predominantly for day-to-day shopping of local residents but not attracting customers from outside the local catchment. The exception to this is the 70,000 sqft Sainsbury's store; however, its benefit to the area is negligible with customers not straying beyond its offer.

An immediate strategy proposed is a Shop Front Improvement Programme along the Park Lane High Street. With a contribution of circa £5k-£10k per shop front, this immediately enhances the quality and perception of the street frontage and has been successfully delivered in Croydon and Leyton.