



# Housing creativity

The impact of clusters of creative  
industries on house price growth

Spring 2022



# London's flourishing creative sector drives economic growth and housing market demand. How does its vitality translate into house price growth?

London's creative sector attracts talent from across the globe and is a key economic driver for the Capital and its post-pandemic recovery. It is considered to be one of the city's strongest assets alongside tech, finance and life sciences. Across London, neighbourhoods are being vitalised by creative communities.

The Creative Land Trust report **Creative Places Create Value** quantifies the potential for value uplift in residential property, when creative workspace is integrated into a new development. This was calculated as 4.4% per annum above the London average.

Our research goes beyond this. We have mapped significant creative clusters in neighbourhoods across Greater London and overlaid this with recent house price growth (£/sqft). There is potential for growth in areas which have a dynamic creative presence, but have historically lagged their borough average.

Creative industries span a range of businesses, including art, crafts, music, dance, fashion and design, textiles, jewellery, media, film, TV and theatre. All need space to work, make, sell, display or perform.

London is justifiably proud of its flourishing creative sector. Not only does it underpin the city's cultural life, it drives economic growth and plays a critical role in revitalising places. As London rebounds from the pandemic, this is a good time to uncover opportunities for developers.

John East—Director, Land and New Homes, KFH

### Creative clusters

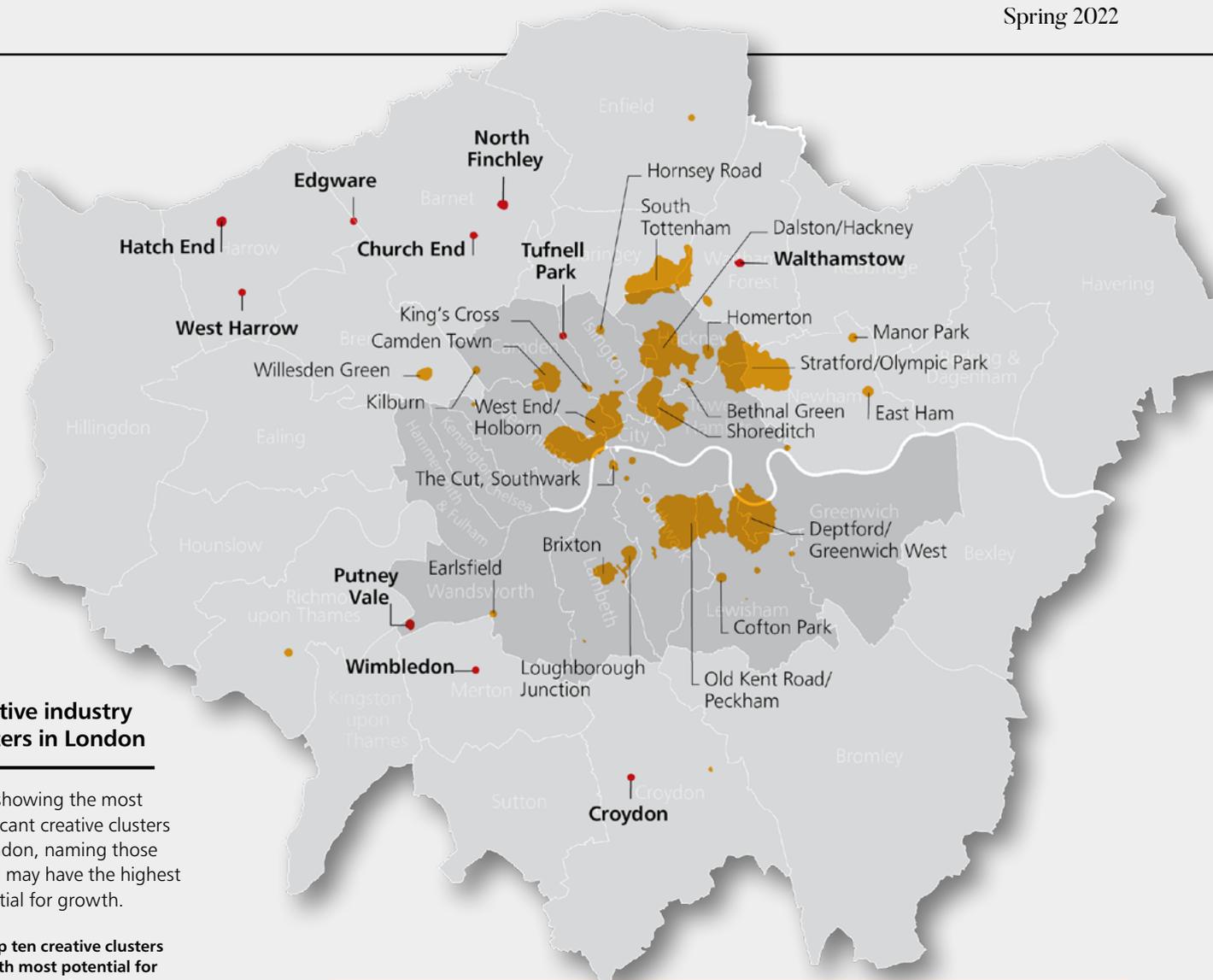
**4.4%**  
outperformance  
average per annum

Residential  
outperformance in  
creative clusters vs  
London average  
over 10 years



London is the cultural and creative capital of the world, generating jobs and opportunities for thousands of Londoners, boosting our economy and making the city a desirable place to live, work and visit.

Sadiq Khan, Mayor of London



### Creative industry clusters in London

Map showing the most significant creative clusters in London, naming those which may have the highest potential for growth.

- Top ten creative clusters with most potential for price growth
- Other creative cluster
- Inner London
- Outer London

\*GLA Cultural Infrastructure map  
Source: Dataloft, VOA, OS, Land Registry

### Methodology

Using data on locations of creatives across London, we ran Geographic Information System clustering analysis to identify the most significant concentrations. Nearly 50 significant creative clusters were identified across London\*.

The average annual rate of price growth over the past three years (£sqft) was calculated for homes within a 500m zone around each creative cluster. This price growth was compared against the average for the borough.

There is an established link between the presence of creative clusters and additional price growth. A £sqft lower than the borough average, together with the presence of creative industries, was used as a proxy for price growth potential.

### Top 10 creative clusters with room for further price growth

Top 10 areas	Borough	Cluster growth rate below borough average £sqft 2019-2021	Public Transport Accessibility (PTAL)* 1 = low level 6 = high level
<b>Tufnell Park</b>	Islington	<b>-4.7%</b>	<b>5</b>
<b>Croydon</b>	Croydon	<b>-4.3%</b>	<b>6b</b>
<b>Putney Vale</b>	Wandsworth	<b>-3.2%</b>	<b>2</b>
<b>West Harrow</b>	Harrow	<b>-3.0%</b>	<b>3</b>
<b>Wimbledon</b>	Merton	<b>-2.6%</b>	<b>6b</b>
<b>Edgware</b>	Barnet	<b>-2.1%</b>	<b>4</b>
<b>North Finchley</b>	Barnet	<b>-1.9%</b>	<b>3</b>
<b>Hatch End</b>	Harrow	<b>-1.7%</b>	<b>2</b>
<b>Church End</b>	Barnet	<b>-1.7%</b>	<b>5</b>
<b>Walthamstow</b>	Waltham Forest	<b>-1.2%</b>	<b>6a</b>

Source: Dataloft, GLA, Land Registry

\*PTALS are a measure of the accessibility of a point to the public transport network. Each area is graded between 0 and 6b, where a score of 0 is very poor access to public transport, and 6b is excellent access to public transport (TfL)

# Current best performers

## Supported by policy in The London Plan

The new London Plan provides policy support for creative industries, as a significant engine of the economy. There is often a planning requirement for developers to preserve or create employment space, or to co-locate close to it. The presence of creatives in an area provides daytime activity which helps to create a sense of place, and a busy neighbourhood feels safer for residents, particularly in a regeneration area.

## Changes to Use Class E

Introduced in September 2020, the amended Use Class E (Commercial, Business & Service) now includes offices; light industry appropriate in a residential area; R&D; shops; restaurants and cafés. It was introduced to facilitate change of use within the Use Class without needing planning permission. This makes it easier for businesses to adapt to market demand and for creatives to find space in which to work.

## Creatives boost London economy

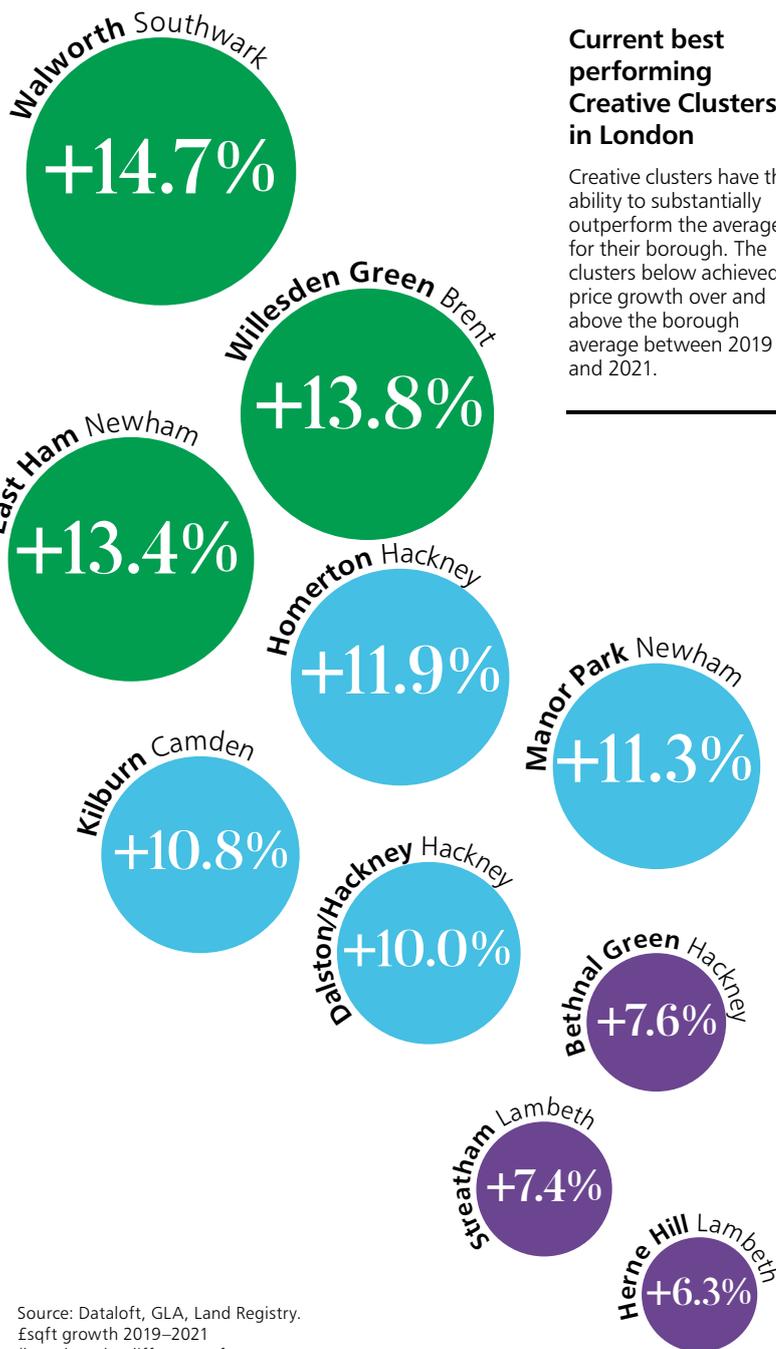
470,000 jobs

£52bn

+£40bn wider supply chain

Growing at 4X rate of other parts of London's economy

Source: GLA (2019)



Source: Dataloft, GLA, Land Registry. Esqft growth 2019–2021 (based on the difference of average annual rate of £psf growth)

### Available for comment or discussion:

John East FNAEA

Director, Land and New Homes

T 020 3486 2250 | jeast@kfh.co.uk

### For more information please contact:

Bridget O'Connor

Communications Manager

E press.office@kfh.co.uk

### dataloftconsult

Data, analysis, editorial and design by Dataloft

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## Kinleigh Folkard & Hayward

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