

Consulting



Major Station Redevelopment in the United Kingdom

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Outline

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The British Rail Network and Network Rail's Role



British Railways: Key Facts

- \$77 billion** invested in our railway since 2002;
- \$50 billion** to be invested over the next 5 years;
- 17 billion** tonne-miles of freight carried every year;
- 1.65 billion** passenger journeys every year;
- 7 million** train movements every year;
- 20,000** miles of track, 30,000 structures and thousands of signals;
- 30** operating companies use our infrastructure;.
- 5th** busiest in the World and 2nd busiest in Europe.

Overview of Network Rail



- ▶ We own, run, maintain and develop the main line network;
- ▶ We own 2,500 stations and operate 18 major stations;
- ▶ We carry 25,000 train movements every day;
- ▶ We operate and maintain the UK's high speed rail infrastructure;
- ▶ We are a \$9bn business with 35,000 staff.

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£1 = \$1.53

Property Services



Network Rail Property

Property services c450 staff provide support to the railway, help reduce rail industry costs and improve passenger journey experience

Commercial Estate

Provides commercial business space from a portfolio of 7,500 units

Property Development

Identifies and delivers development and disposal opportunities

Retail

Manages 500,000 sqft of retail space and commercial activities

Property Services

Provides property services in support of rail operations

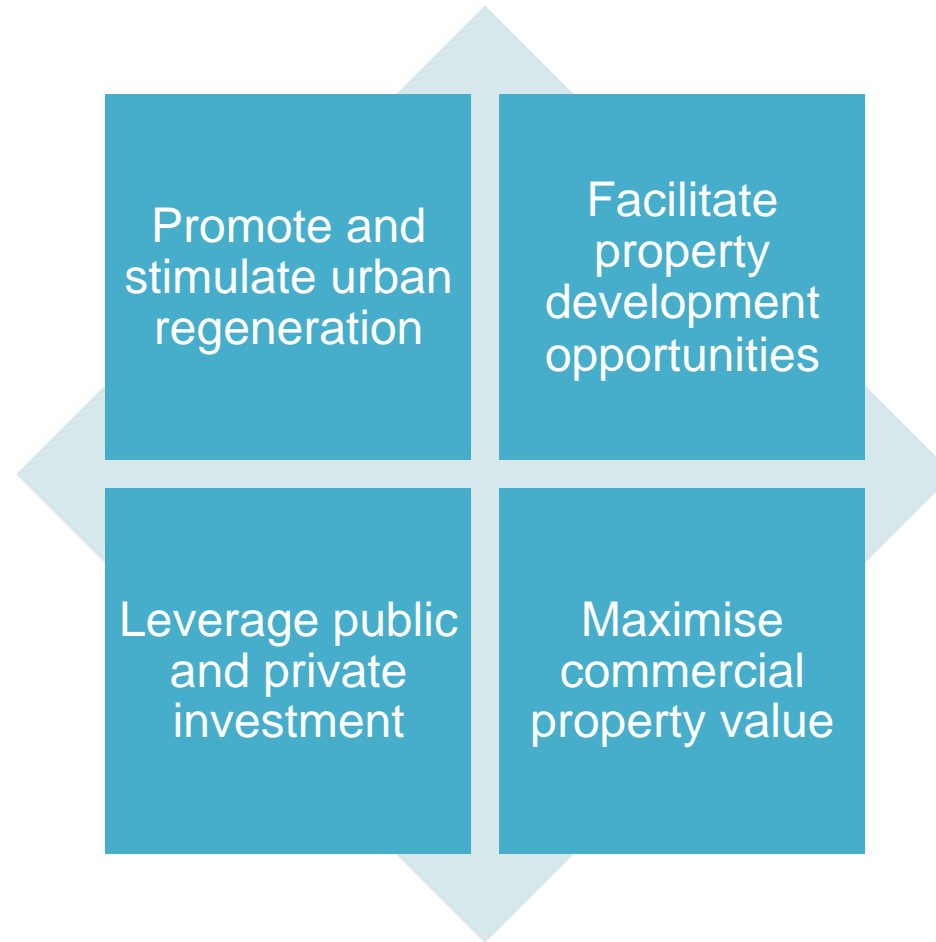
Workplace Management

Manages Network Rail's workplace requirements

Planning & Land Services

Provides town planning advice

Property Development Strategy



Case Studies

1. Cannon Street – Offices
2. Waterloo Station – Retail
3. Epsom Station – Mixed Use

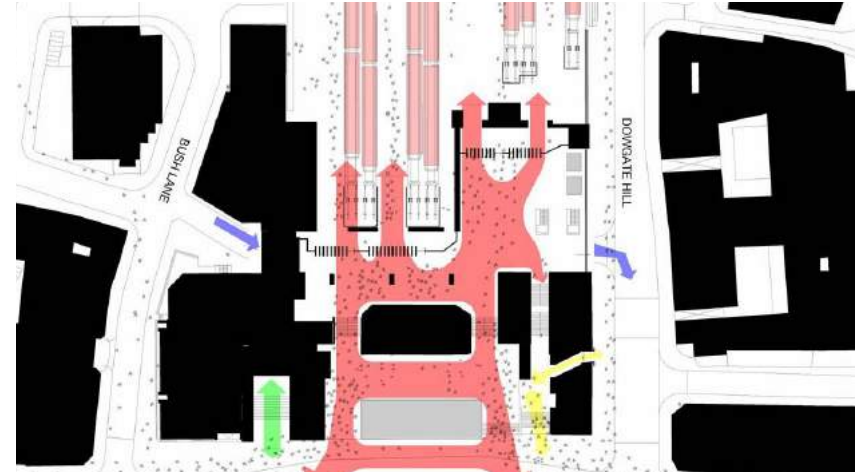
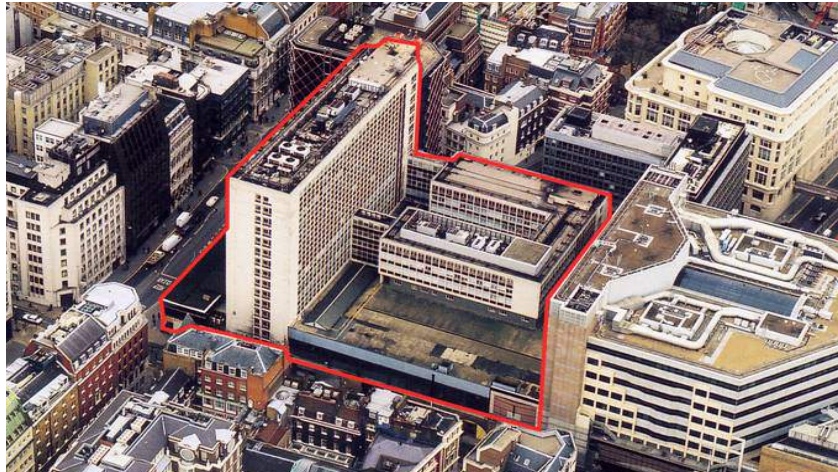


Case Study 1: Cannon Street



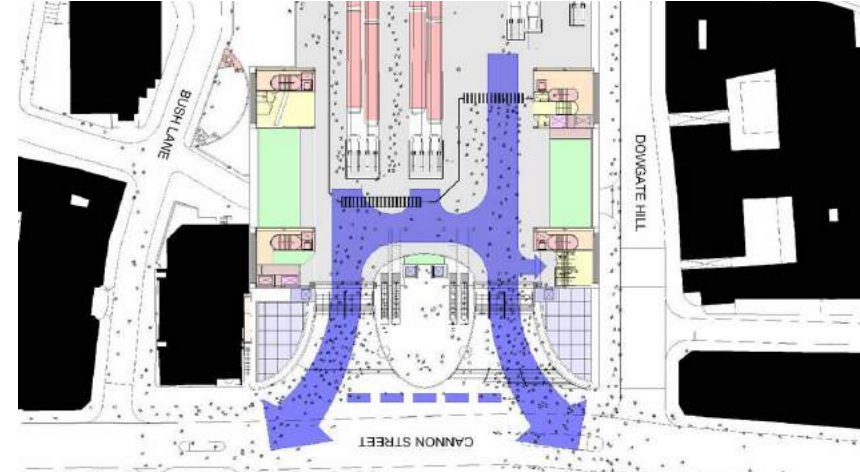
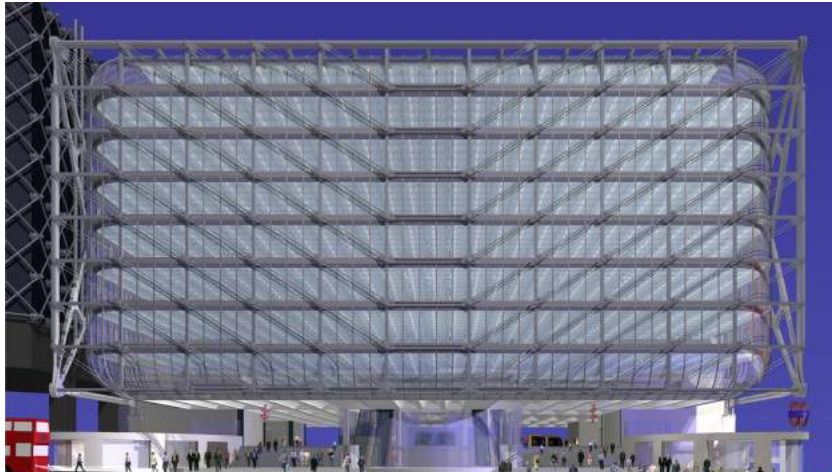
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Cannon Street Background



- ▶ Concourse congestion issues;
- ▶ Dilapidated station environment;
- ▶ Poorly let 1960s offices above (78 Cannon Street);
- ▶ 78 Cannon Street bought by US developer Hines in 2002 for redevelopment;
- ▶ Annual footfall of 31m.

Hines' Proposal



- ▶ New 8 storey office building (c. 400,000sq ft);
- ▶ Integrated station re-development worth over \$31m;
- ▶ Town planning consent secured in early 2006;
- ▶ Heads of terms agreed in mid 2006;
- ▶ Enabling works started in late 2007.

Cannon Street Outcome



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- ▶ Development agreement exchanged in 2007;
- ▶ Vacant possessions secured on programme;
- ▶ Approval secured for new industry standards for OSD;
- ▶ Development agreement restructured, resulting in:
 - ▶ Hines securing debt funding;
 - ▶ Improved financial return to NR.
- ▶ Re-development completed in 2011/12;
- ▶ Improved rail passenger satisfaction.

Case Study 2: Waterloo Station Retail



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Waterloo Station Background



- ▶ Connected to Waterloo East station;
- ▶ Busiest Managed Station;
- ▶ Significant concourse congestion issues;
- ▶ Poor retail offer, but 34% of station users not travelling;
- ▶ Concourse retail units impeding pedestrian flows and aesthetically unpleasant;
- ▶ 1st floor operational offices due to relocate from station;
- ▶ Annual footfall of 125m.

Network Rail's Proposal



- ▶ Remove concourse retail units;
 - ▶ Construct 700 sq ft long balcony providing access to c.30,000 sq ft of new 1st floor retail space;
 - ▶ Improve operational facilities;
 - ▶ Create new connection with Waterloo
- ▶ East to drive footfall up to balcony retail;
 - ▶ Standardise retail signage.

Outcome



- ▶ 18 new retail units opened in 2012
- ▶ Better retail mixed
- ▶ Creation of a destination station
- ▶ C.50% increase in retail rental income
- ▶ Significantly improved pedestrian flows
- ▶ Improved rail passenger satisfaction results and excellent customer feedback

Case Study 3: Epson Station



Background



- ▶ One of 8 development sites initially included in the Solum joint venture established with Kier Property in 2008
- ▶ Dilapidated station environment
- ▶ Poor retail offer
- ▶ Significant market uncertainty following the Global Financial Crisis

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Solum's Proposal



Development strategy of managing market risk by securing pre-sales and pre-lets

New 6 storey mixed-use development consisting of:

- ▶ 117 apartments
- ▶ 64 bed hotel
- ▶ C.10,000sq ft of retail space
- ▶ New station entrance and car park
- ▶ Town planning application submitted in 2009

Outcome



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- ▶ Town planning consent secured in 2010
- ▶ 54 apartments (c.45%) pre-sold to affordable housing operator
- ▶ Hotel pre-let to Travelodge and the commercial interest later sold to pension fund
- ▶ 4000 sq ft of retail space pre-let to Tesco supermarket
- ▶ 63 apartments (c.55%) sold to private rental accommodation operator
- ▶ Development completed by 2012

Summary



Summary



Network Rail's Property Development team has:

- ▶ Reduced the burden on taxpayers of operating the railway by maximising commercial value;
- ▶ Unlocked complex transit-orientated developments by managing stakeholders & establishing partnerships;
- ▶ Improved the journey experience of railway passengers by creating high-quality station environments;
- ▶ Enhanced the value of Network Rail's estate by stimulating urban regeneration.

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Thank you



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