

Briefing

Paved with gold: the real value of good street design

This research demonstrates a direct link between street quality and property prices. It shows that the quality of a high street can add at least 5 per cent to the price of homes and to the level of retail rents.

This is the first study to connect economic benefits directly with the quality of street design, management and maintenance. It may seem obvious that smarter streets cost more and that good quality design brings benefits but this research gives us new information: it shows that the design quality of a street affects prices on its own, regardless of any other factors. All the other things likely to affect prices, such as income levels, the quality of public transport, or the range of local shops, have been discounted. Simply improving street design can make a major difference to market values.

These findings support the case for improving street quality, and provide evidence of the likely returns from investing in a high-quality streetscape.



Analysis

Extensive additional data was collected for each case study to build a comprehensive statistical picture of every high street and its immediate neighbourhood.

The next research phase involved applying multiple regression analysis to the data collected. Regression analysis is used to find statistical explanations for variations in data. The research aimed to determine whether street quality is responsible for some of the variations in retail rents and in property prices seen across the 10 case studies. The results show direct links between street quality and both retail and residential prices.

In the case of homes on the case study high streets, improvements in street quality were associated with an increase in prices. Specifically, for each single point increase in the PERS street quality scale, a corresponding **increase of £13,600 in residential prices** could be calculated. This equates to a **5.2 per cent increase in the price of a flat** for each PERS point.

The analysis also showed also direct links between zone A retail rents (the rent for the most valuable space closest to the shop front) and street quality. For each single point increase on the PERS street quality scale, a corresponding **increase of £25 per square metre in rent per year** could be calculated. This equates to a **4.9 per cent increase in shop rents** for each PERS point.

Public value

Alongside these direct measures of value the research also included another assessment method – stated preference surveys. These were used to place a figure on the public benefit that could result from better quality streets. Prior to this project, Colin Buchanan had completed an extensive stated preference survey for Transport for London. It asked a sample of 600 people on two London high streets, Edgware Road and Holloway Road, whether they would theoretically be willing to pay for a series of improvements to the two streets. This survey work used the same categories as the PERS system, so that data could be compared.

The survey showed that, on average, pedestrians were willing to pay more for better streets. Local residents were willing to pay more council tax, public transport users would accept higher fares and people living in rented homes were happy to pay increased rents to improve the quality of their high streets.

The amount that pedestrians are willing to pay provides us with a way to assess the public benefits that

result from better quality streets. If pedestrians are happy to pay, for example, an extra £2 every year, this shows us how much they value improved street design.

By counting the number of pedestrians using the sample streets, and the average time they spent in the street environment, it was possible to calculate a total public benefit value for improved design. The bar chart below represents what happens when the same calculation is applied to the ten case study high streets. It shows how pedestrians themselves would value the high streets if they were improved by a single point on the PERS scale. In the case of Tooting High Street, these benefits total £320,000, while for Walworth Road they total £286,000.

These user benefit calculations show how it is possible to quantify the overall benefit to pedestrians of street design improvements. The value that the public places on good design can be compared to the cost of improvements to show whether or not they represent a good investment.

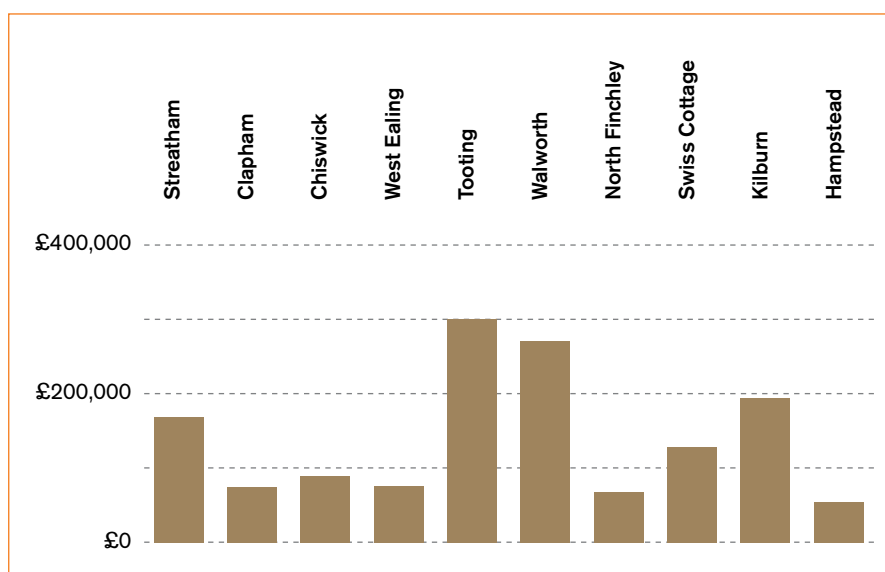


Fig 4: Calculated annual user benefit for improvement

Conclusions

- Better streets result in higher market prices. The research shows that in London an achievable improvement in street design quality can add an average of **5.2 per cent** to residential prices on the case study high streets and an average of **4.9 per cent** to retail rents. These findings have a central role to play in justifying investment. They make it possible to use an evidence-based approach to the design, appraisal and funding of street improvement works. It is clear from this work that the rewards from investing in design quality can be very significant.
- High property prices can have a downside, potentially restricting local access to home ownership and reducing retail diversity. However, this research clearly shows that good design is valued by the people who use the case study streets, and that this value can be measured. The findings should therefore be understood as only one element among the diverse values created by well-balanced places.
- The benefits of quality street design are clear and local authorities are already taking the initiative in realising the latent value in their high streets. In London, street design programmes such as the London Borough of Camden's boulevard project are setting high standards, while the London Borough of Southwark is tackling the lowest-scoring case study in this report through major improvement works to Walworth Road. The London Borough of Lambeth is due to publish its street design guide soon: a model for the way that local authorities can establish minimum design expectations through policy guidance. These are encouraging signs.
- However, there are some influential players who still need to understand the importance of well-designed streets:
 - We urge England's nine **regional development agencies and government offices for the regions** to use their influence to drive forward a design-led improvement agenda. Yorkshire Forward's renaissance market towns programme, for example, has shown what can be achieved with a clear vision for realising the potential of streets and public spaces.
 - **Developers** can help to realise the latent value in their schemes by investing in high-quality street design, increasing their margins as a consequence.
 - **Local authorities** have much to gain from investing upfront in street design. This research will help them to anticipate and capture the returns from their investment. Local area agreements could provide a catalyst for focusing investment on streets, addressing local priorities and contributing to place-making objectives.
 - **Businesses** can reap direct financial rewards from taking a close look at the street they're on. *Paved with gold* shows that it will be worth their while.
- Further work is needed to take this research forward. This project was designed as a demonstration to show how a new approach could be taken to assessing design value. The small sample size means that the results are not statistically significant in themselves and a larger study would be required to validate them. However, the results still demonstrate trends that the researchers are confident would be replicable elsewhere.
- A larger study could include a wider geographical selection of case studies to increase the applicability of the results. It could also allow individual elements of street design to be valued so that more information could be obtained about their relative influence on market prices and user preferences. Further research could also extend the investigation to include commercial property, looking at the relationship between office rents and street design quality.

This briefing presents new research that shows how good street design contributes both economic benefits and public value. It shows that investment in design quality brings quantifiable financial returns and that people value improvements to their streets. It is intended for local authorities, regional government, business, developers and investors. For the first time we can see that the best streets really are paved with gold.

Design better streets

Paved with gold is part of a wider CABE programme that provides research, guidance and case studies aimed at promoting high-quality street design. For more information see www.cabe.org.uk/streets

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