

# Croxley Rail Link

## Wider Economic Impacts

Executive Summary

March 2015



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**Croxley**  
**Rail Link**  
Connecting Watford



# Introduction

## Croxley Rail Link will deliver a long-standing need to link Watford town centre with the London Underground

The proposal to connect the London Underground Metropolitan Line to Watford town centre has been a long-standing intention that has remained unrealised for a number of decades. A partnership between Watford Borough Council, Hertfordshire County Council, London Underground and Network Rail has now been formed to bring forward this critical infrastructure scheme.

The scheme will involve the closure of the existing Watford Metropolitan Line station, with a new station to be built at Cassiobridge. The construction of this station, as well as one other, means about 2,700 additional households will fall within an 800m catchment area of a railway station. Watford town centre will also be linked to the London Underground network for the first time.

The construction of Croxley Rail Link (CRL) will extend the Metropolitan Line from Croxley to Watford Junction, via new stations at Cassiobridge and Watford-Vicarage Road, and then link to current London Overground services at Watford High Street, before terminating at Watford Junction where it will interchange with the West Coast Mainline services (Figure 1).

Within this context, this document summarises the potential wider economic impacts of the proposed CRL scheme in Watford, considering the effects at the local, sub-regional and national levels where relevant.

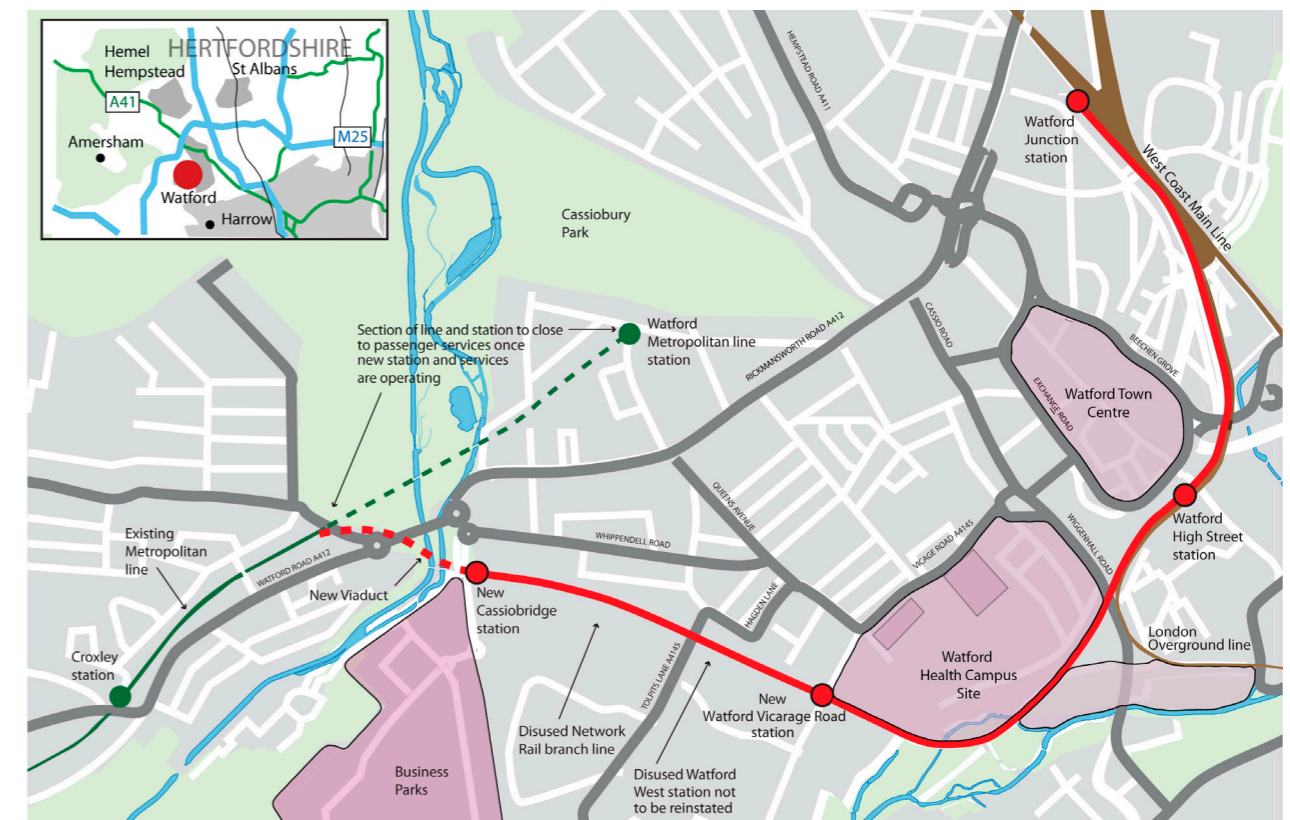


Figure 1: Planned Route for Croxley Rail Link in Watford | Source: Hertfordshire County Council

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## Scope and Methodology

### This study draws upon Government guidance to assess the wider economic impacts associated with CRL

Nathaniel Lichfield & Partners ('NLP') was appointed by Watford Borough Council and Hertfordshire County Council to assess the potential wider economic impacts associated with CRL coming forward within Watford, with particular focus on new development and wider regeneration effects.

This report provides an executive summary to the full Croxley Rail Link: Wider Economic Impacts study prepared by NLP in March 2015.

"Wider economic benefits" is a term used to refer to the economic impacts of transport that are additional to core "transport user benefits", such as the impacts accruing to labour markets and land markets. An analysis of the transport user benefits for CRL is set out in other studies prepared for Hertfordshire County Council.

This study considers the economic impacts associated with a number of major development sites proposed to come forward along the CRL route in Watford during the Watford Core Strategy plan period up to 2031. The strategic access provided by CRL is expected to help unlock these projects, which have significant investment potential.

The assessment considers the wider economic impacts associated with the major development projects at the local, sub-regional and national levels (where relevant), while also considering the impacts under three scenarios of CRL investment:

- 'With CRL' (CRL comes forward as planned);
- 'Delayed CRL' (CRL is delayed for a period); and
- 'Without CRL' (CRL does not come forward).

The method adopted within the study follows widely accepted approaches to economic impact analysis, taking into account Government guidance. The study also draws upon the eVALUATE economic assessment tool produced by NLP to analyse the economic impacts of new developments.

In order to estimate the development trajectory for each major project under each of the three CRL scenarios, the study draws upon information supplied by the developers and investors of the individual sites. It should be noted that the assessment of the development trajectories provides a point-in-time insight into the projects based on latest available information.

To assess the wider economic impacts generated by the major development projects, a range of economic metrics are used to form the basis of analysis. The key economic indicators include:

1. Construction jobs and output
2. Operational jobs and output
3. Resident expenditure levels
4. New Homes Bonus payments
5. Council Tax receipts
6. Business Rates payable



## Strategic Case for Investment

### CRL has a key role in unlocking the investment potential of Watford and driving growth in the wider sub-region

Watford represents one of the fastest growing centres around London, with significant future growth potential and opportunities to deliver a major share of the sub-region's overall growth.

The Hertfordshire Local Enterprise Partnership (LEP) recognises Watford as being critical to the wider economic performance of the sub-regional economy, assuming that the Borough is able to maintain its competitive position. A number of significant infrastructure schemes are planned within Watford that are expected to play a crucial role in enabling larger-scale, higher-value developments to come forward in the wider economy, with CRL representing a foremost infrastructure investment for the sub-region.

The Borough has also achieved strong housing delivery historically, which will be increasingly important in the context of Greater London's inability to meet its own indigenous housing needs. It is clear that infrastructure investments to unlock growth in locations surrounding London, such as Watford, will have a direct influence on the ability to support the growth requirements of the Capital.

However Watford's capacity to achieve the required growth levels is currently inhibited by spatial constraints, barriers to delivery of new development sites, and ongoing congestion issues.

While the Borough supports a number of brownfield sites that have significant investment potential, their viability for development are largely dependent on improvements to their strategic access. CRL will therefore play a key role in unlocking these investment prospects, which will help deliver future growth to Watford and the sub-region.

In summary, CRL is crucial to bringing forward major development in Watford for the following reasons:

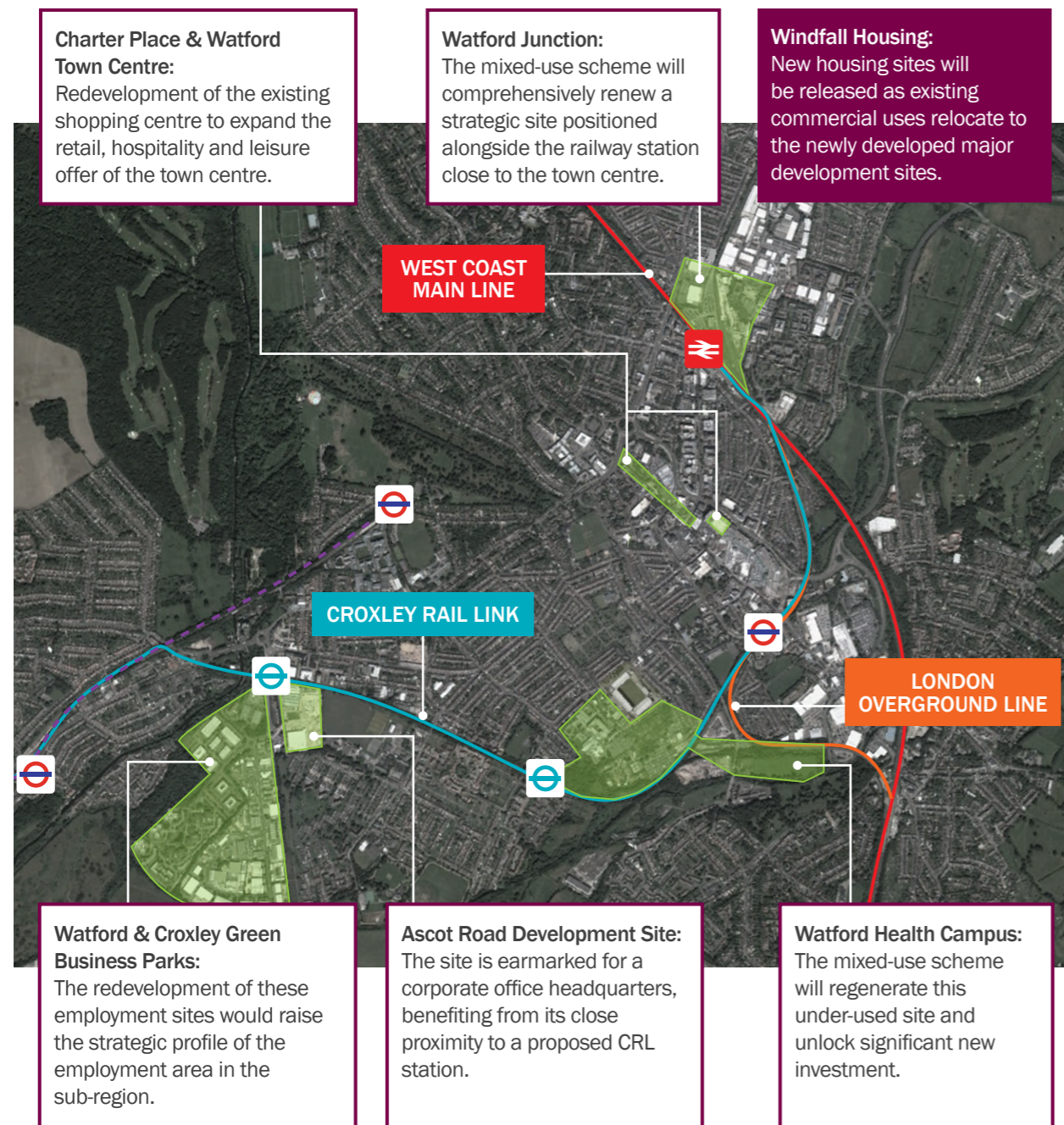
- **Viability of development:** New public transport infrastructure will reduce the volume of car parking spaces needed in schemes and increase viability levels.
- **Market perception and profile:** CRL will connect some of Watford's largest employment areas with the town centre, Watford Junction interchange and Central London for the first time. The transport scheme will deliver better connectivity and grow the workforce and catchment areas of the developments, which is vital for business decision making.
- **Overcoming network restraints:** CRL will accommodate non-car based travel demand. With network congestion already a major constraint on accessibility to some parts of the Borough, additional growth in the area would only further increase congestion levels in the absence of CRL.



# Major Developments in Watford

A number of key step-change projects have been identified that will deliver strong growth and regenerative value

The major development projects identified by Watford Borough Council as key step-change projects are presented below:



# Potential Development Trajectories

The investment value and development viability of the major projects in Watford diminish considerably without CRL

Based on information supplied by the developers and investors of the major projects, as well as through consultations with Watford Borough Council and Hertfordshire County Council, the development trajectories (i.e. the type, scale and timing of development) for each of the projects have been estimated.

A consistent theme across the major projects is the expectation that the reduced strategic access to the sites without CRL would substantially lower the investment value and development viability of the schemes. In doing so, the quantum of development brought forward at all the sites is diminished, as developers scale back their schemes to reflect reduced accessibility and lower market values (Table 1).

This development trajectory analysis indicates that the level of development undertaken at each of the major sites is likely to vary considerably based on the CRL investment scenario.

	Watford BP & Croxley Green BP	Ascot Road Development Site	Watford Health Campus	Charter Place & Watford Town Centre	Watford Junction	Windfall Housing
WITH CRL	New commercial premises that elevates the prominence of the parks and attracts high-value occupiers	New office headquarters that supports a major international corporation	New dwellings, commercial premises, retail and leisure space, and a hotel	New retail, hospitality and leisure space supported in Watford town centre	New dwellings, commercial premises, retail and leisure space, and community facilities	Unlock significant housing delivery in the short and medium term
DELAYED CRL	Lower quantum of development due to the diminished viability for speculative development	Loss of global corporation resulting in a lower value scheme with new office and retail space, and dwellings	Lower quantum of development due to the diminished strategic access and viability over the medium term	Lower quantum of development due to the falling retail ranking and viability of the town centre over the medium term	Development pushed back until the certainty of CRL has been confirmed	Unlock significant housing delivery in the medium and long term
WITHOUT CRL	Significantly lower quantum of development due to the diminished viability for speculative development	Lack of strategic access resulting in a lower value residential scheme	Significantly lower quantum of development due to the diminished strategic access and viability over the long term	Significantly lower quantum of development due to the falling retail ranking and viability of the town centre over the long term	Significantly lower quantum of development due to the diminished strategic access and viability	Lower level of housing delivery due to fewer sites unlocked

Table 1: Summary of the Major Development Projects in Watford | Source: NLP analysis of developer / investor scheme information

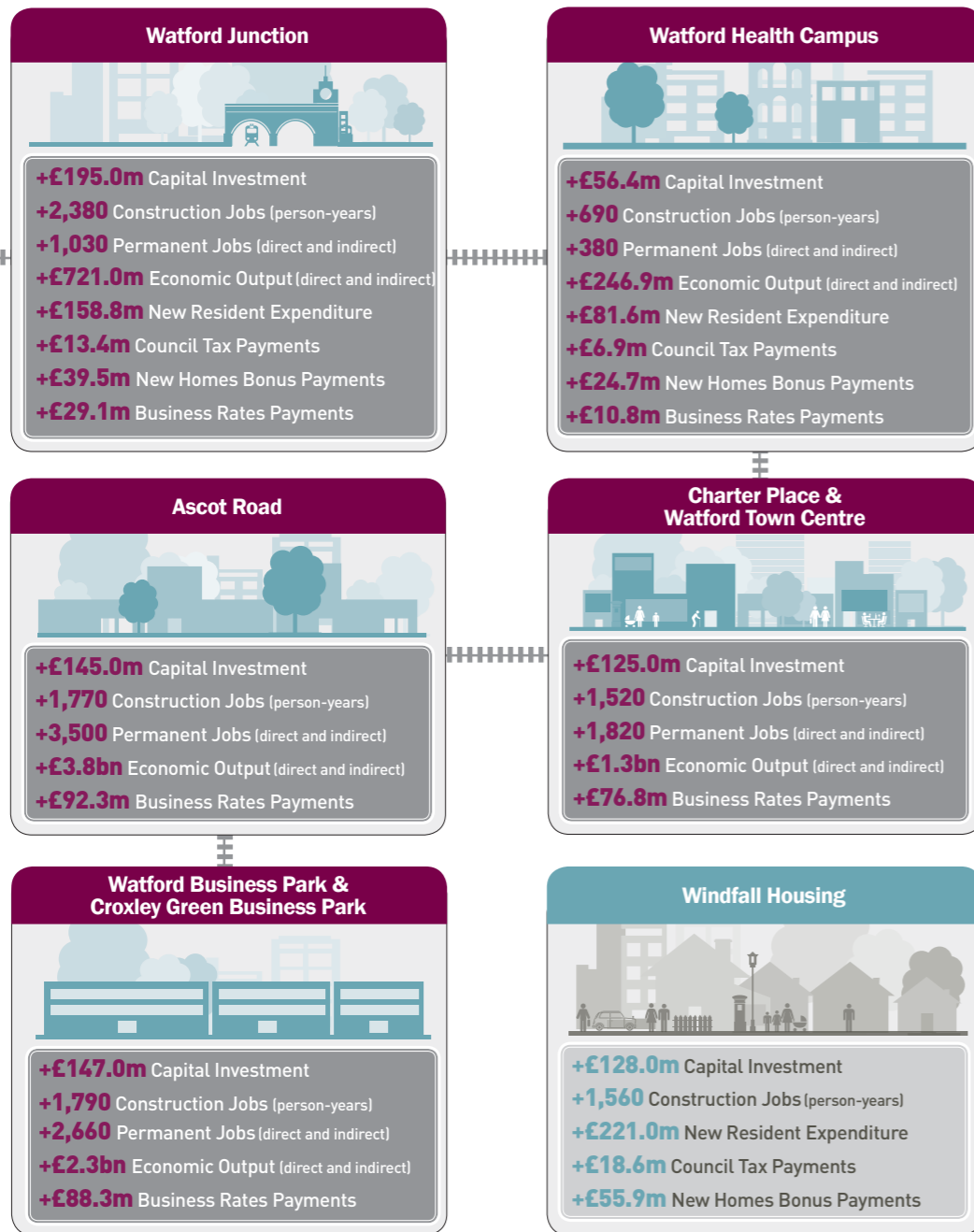




# Economic Impacts

The catalytic role of CRL will support additional development at the major sites and contribute much greater economic benefits

The infographic below shows the significant additional economic impacts generated by each of the major projects under the 'With CRL' scenario over and above the 'Without CRL' scenario during the 16 year appraisal period.



In cumulative terms, the economic impacts of additional development at each of the major sites under the 'With CRL' and 'Delayed CRL' scenarios are significant over and above the 'Without CRL' scenario. Under 'With CRL', an additional £796m of capital investment, 9,400 permanent jobs and £8bn of economic output will be generated over the 'Without CRL' scenario.

KEY: Without CRL (Grey), Delayed CRL (Purple), With CRL (Blue)

## 01 CONSTRUCTION IMPACTS

### Capital Investment



### Construction Jobs (in person years)



## 02 OPERATIONAL IMPACTS

### Permanent Jobs (direct and indirect)



### Economic Output (direct and indirect)



### Resident Expenditure



## 03 FISCAL IMPACTS

### New Homes Bonus Payments (over six years)



### Council Tax Receipts



### Business Rates





# Non-Quantifiable Impacts

**CRL is crucial for delivering a range of less quantifiable but equally important economic benefits for the area**

### Traffic Congestion

A number of less quantifiable economic impacts will also be associated with CRL, including its role in relieving longstanding congestion in the local road network in west Watford, as well as the east-west connectivity within the Borough.

It is recognised that economic growth levels within Watford are limited by the existing network constraints, and that additional growth will generate additional travel demand, which will result in increased congestion, reduced average speeds and impacts on air quality.

### Strategic Rail Network

CRL will have a valuable role in supporting the strategic rail network by promoting Watford Junction as a major transport interchange to the immediate north of London. The transport scheme will also develop further resilience in the railway network in anticipation of the potential disruptions at Euston Station during the construction of HS2.

### Planning Risk

The construction of the CRL scheme also has major implications on the ability of Watford to achieve its growth objectives through the Core Strategy, which was adopted on the premise that CRL would come forward. In this respect, CRL is essential for catalysing a number of regeneration schemes that are vital to the Borough meeting its growth targets relating to housing and employment space, which are also an important part of the Government's wider growth agenda.

### International Investment

A number of the major development projects in Watford that will be supported by CRL involve investors that operate within global funding markets, including the Ascot Road Development Site which has been earmarked as a potential office headquarters for a major global corporation seeking to expand. However there is genuine risk that the planned investments in Watford by these global funds would be re-allocated to markets outside the UK in the absence of CRL.

### Social Regeneration

In addition, a significant proportion of the local areas that will either support a new CRL station, or are located within close proximity to a new station, exhibit higher levels of deprivation (Figure 2).

These more deprived neighbourhoods along the planned CRL route accommodate a large proportion of the Borough's resident population, with almost 20% of the population of Watford residing in areas that are within the top 50% most deprived in the country.

CRL would directly impact the socio-economic opportunities of a major proportion of the local population in Watford by providing better access to jobs and services.



Image Credit: Acanthus Architects LW

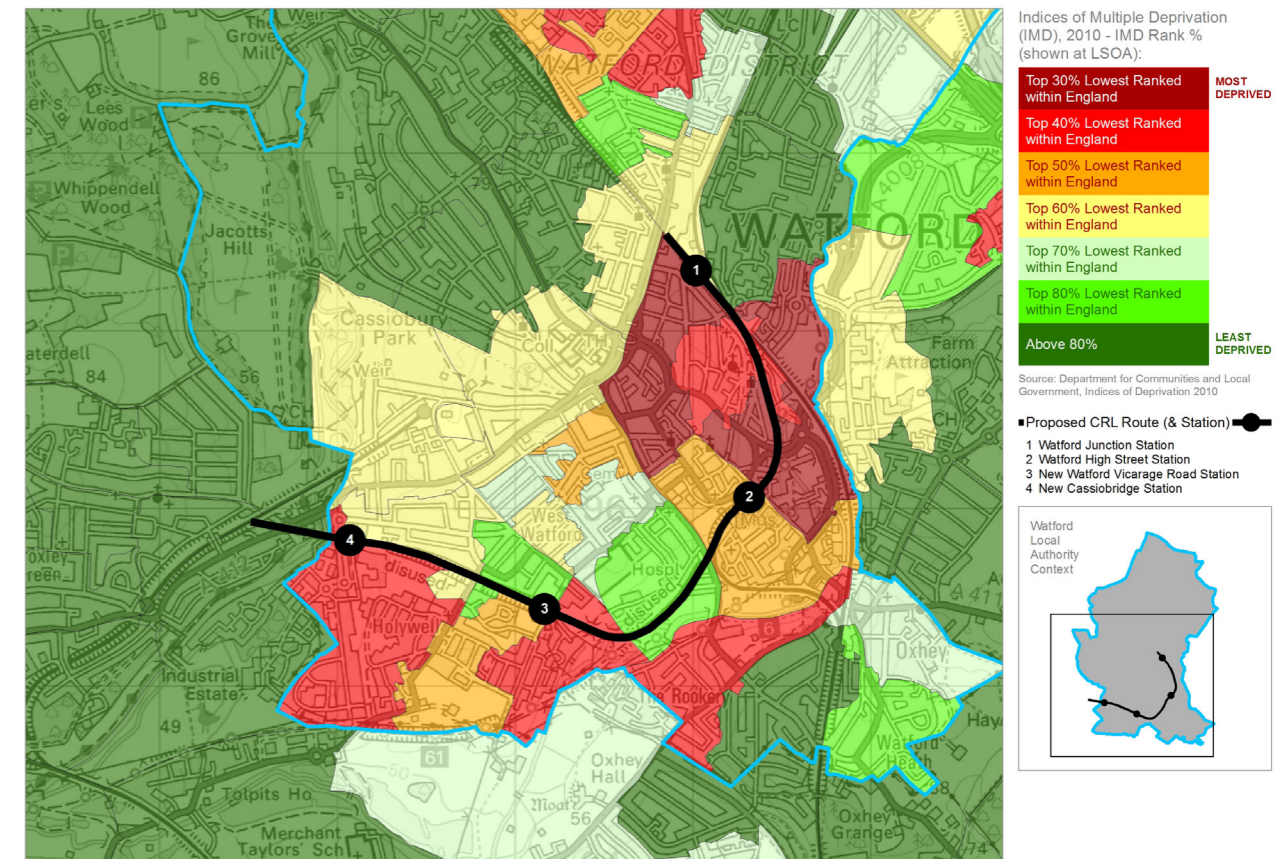


Figure 2: Levels of Multiple Deprivation along the Proposed CRL Route | Source: NLP analysis



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