

Annual Lecture 2015

Wednesday 11 February 2015, BNP Paribas, 5 Aldermanbury Square, Wood Street, London EC2

Moderator: Mark England, COO and MD, BNP Paribas Real Estate
Speaker: Steve Norris, FRICS, CICE



For this, the very first of a planned series of annual Lectures, we were lucky enough to secure Steve Norris as our speaker. Both a UK politician and an experienced businessman, Steve is best known for his long involvement in transport. As Minister for Transport in John Major's government he was responsible for pushing through the extension of the Jubilee Line from Charing Cross to Stratford. A passionate believer in the value of transport in the transformation of cities and neighbourhoods and a Commissioner of the Independent Transport Commission, he proceeded to talk to us for an enthralling 40 minutes on 'Connectivity' and its value and significance in the UK..

'We live' he said, 'in a dangerously divided country. Britain is the fastest growing G20 economy but with a disturbing pattern of growth. 80% of it is in services, mainly concentrated in London. Elsewhere in the country manufacturing and construction have grown much more slowly. The consequence is a widening gap between London and the South East and the rest of the country. A difference demonstrated by average house prices (£475,940 in London and £130,864 in Northern Ireland) and commercial rents (London West End : £70 psf; Newcastle £10psf) and the resulting 'fortress London' mentality: those within cannot afford to sell and move out if they wish to return at any stage in the future, and those outside have no hope of getting in. No wonder the coalition worries about a voterless recovery.

And London itself, he pointed out, is equally dangerously divided. West of a line drawn roughly through Waterloo Bridge average per capita income is 400% of the national average. To the east it is 75%. And the rise of house prices means that vital public servants are increasingly forced to live well outside London. Most major cities in France, Germany, Spain and Italy have above average GDP. In the UK the only two are London and Bristol. This widening gap between London and the rest of country and between rich and poor in London is truly dangerous. But if you don't make the poor richer by making the rich poorer, as you patently don't, what can be done in practice?



The answer he believes lies in connectivity. We need much better physical connections to match our electronic connectivity. In short, getting the people without jobs to the jobs without people. He cited five specific projects. The Jubilee Line extension really opening up Docklands, London Overground (connecting Richmond to New Cross), the East London line (Highbury and Islington to West Croydon), Crossrail (Maidenhead to Shenfield) adding 10% to transport capacity and providing the opportunity to transform the economy, and HS2 (London to Birmingham) offering huge benefits to the great cities in the regions as well as to London. And still to come are Crossrail 2 (north east to south west), HS3 linking Liverpool to Hull via Manchester, Leeds and Sheffield, improving South London overground rail and extending the Bakerloo line south.

“Over the years” he said, “we haven’t been good in this country at understanding the value of infrastructure. But we need to look for payback in the long term, over the next century rather than just the next ten years. And the Treasury has finally begun to recognise the long-term benefits of improved infrastructure which is great news. But to tackle the huge disparity between rich and poor that disfigures this country that investment in connectivity needs to be sustained not only over a parliament but over decades. This is an urgent and massive challenge. The sooner we wake up and face it the better.”

AV Sutherland