PECKHAM RYE STATION : the case for change

Peckham Rye Station: the case for change

Summary

This project brings together a number of aspirations and developments around Peckham Rye Station. These are:

- the imminent listing and upgrade of the 19th century station building;
- the desire, clearly expressed locally, for a focal point for the area in the form of a piazza or square;
- the requirement for LB Southwark to produce evidence for the Peckham area action plan that will sit within the Local Development Framework, reporting preferred options in December 2008;
- the success of Spacia's *South London redevelopment programme*, together with the emergence of cultural uses in the railway arches in the station area, and the potential extension and promotion of this as a catalyst for regeneration and higher value rental returns from Network Rail assets.

The project, sponsored by the Peckham Programme, offers an opportunity to pilot a fully-fledged partnership between Network Rail and it's property arm Spacia, LB Southwark, and Transport for London.

Developing a **pilot extension** of Spacia' successful *South London redevelopment* programme around Peckham Rye station will bring a proven model to a difficult area. This model sees a virtuous circle emerge where asset owners investment triggers public investment in the public realm and levers in further business support to an organically growing cultural district with a transport hub at its centre.

Above all, the project will involve Network Rail's property team thinking about the future of their portfolio in a holistic fashion, moving beyond the silos of 'station' and 'light industrial arch uses' that held sway in the past.

This document sets out a phased programme that could meet these aspirations, as the beginning of a discussion with Network Rail.

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APPENDIX 1: What makes good public space?

APPENDIX 2: Benefits for Public and/or Private Developers
(Co-) Funding Good Public Spaces

1 Background & Opportunity

The idea of re-creating a square in front of the magnificent and recently listed19th century station at Peckham Rye has been around for at least 10 years, having been identified in previous reports, most recently by Gillespies (2007).

There is a simple and obvious case to be made - on aesthetic, safety, traveller comfort and asset management grounds - for letting the building breathe again, and in the process make serious improvements to the travellers experience of arriving or departing from the station.

Ten years ago projects like this ran into the buffers quickly, quite simply because they were too complex, and involved too many competing interests. But working together – or in partnership as we call it now – has moved on. Which makes *now* the right time to begin to pull together a realistic package under the Area Action Plan that could bring benefit all the key partners in the long run.

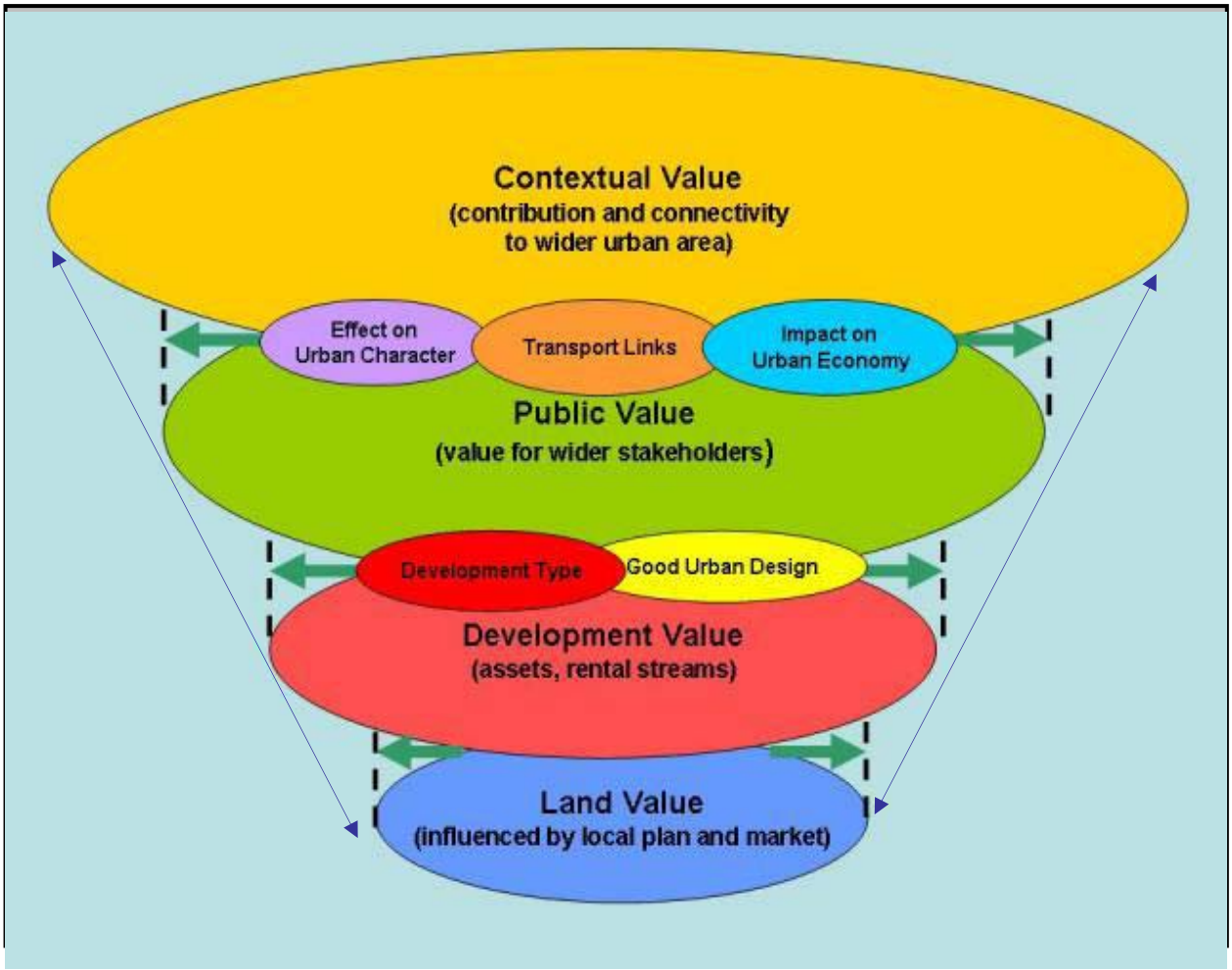
First, it is important to acknowledge the very positive short, medium and long-term developments that give cause for optimism. In chronological order these are:

- Peckham Programme
- LB Southwark's *Light at the End of the Tunnel* public arch improvements in the north of the borough
- the emergence of cultural uses in the arches
- Spacia's successful *South London redevelopment programme*
- increased investment in walking, cycling, and public transport
- Imminent Network Rail investment in the station building & GRADE 2 listing
- The commitment to East London Line PHASE 2
- Cross River Tram and depot

On top of this we have:

- the fact that the station sits between 2 x major arts education centres (Goldsmith's, Camberwell) growing in reach and influence
- a regenerated neighbourhood with growing disposable income as hinterland
- a growing local transport hub, strong existing footfall, (3m station users p.a) & lies on an identified strategic line (NR)
- Victorian railway arches that provide an opportunity for flexible/mixed uses
- active promotion by local community groups

Ways to Maximise Value from a Proposed Development



Source: Adapted from Young Foundation report for CABE "Mapping Value in the Built Urban Environment" (2006)

This representative diagram, developed by the Young Foundation, gives a graphic illustration of the interlocking nature of development. The ideal development is one where for each type of value (over and above land value) there is a gain.

With the New Look Local Area Agreements now coming into being, this schematic has greater relevance in terms of the corporate social responsibility and sustainable communities agendas.

2 Issues

There is, then, a very plausible back-story for redevelopment. But there are also serious existing problems, including:

- poor station & interchange environment for rail passengers (TfL Category C station)
- low quality public spaces
- a very linear shopping street without lateral interest or fine grain
- poor visibility of the station from Rye Lane
- the cramped, low grade, high maintenance environment created by the existing arcade building
- perception of crime in the area
- persistence of low value shopping offer: pound stores etc
- shopping offer not improving in line with other town centres locally
- difficulties in managing the growth in footfall

In **APPENDIX 1** below we have reproduced a list of features that make for a good town centre. The existing arrangements work against this model.

Peckham Rye Station and Square:
Project Phasing Proposals
Phase Four:
Western Courtyard Area
Phase Three:
Front Courtyard
Phase One:
Station Building
Phase Two:
Rear Courtyard

3 The Proposal

A Phased Programme of Redevelopment

The proposals set out here bring together Networks Rail's evolving commercial property strategy around stations and Transport for London's wider public realm & interchange aspirations. The aerial view on the previous page shows the site 4 phases of the project. These are:

PHASE 1 = 2008-10
Station refurbishment programme to maximise the use of internal Space, + *Light at The End of the Tunnel* arch refurbishments to improve walking & cycling station arrival environment.

PHASE 2 = 2009-12
Development of the courtyard to the rear of the station as a cultural quarter/market under an extension of Spacia's *South London Redevelopment Programme* + interim external changes to improve the journey environment to and from the station

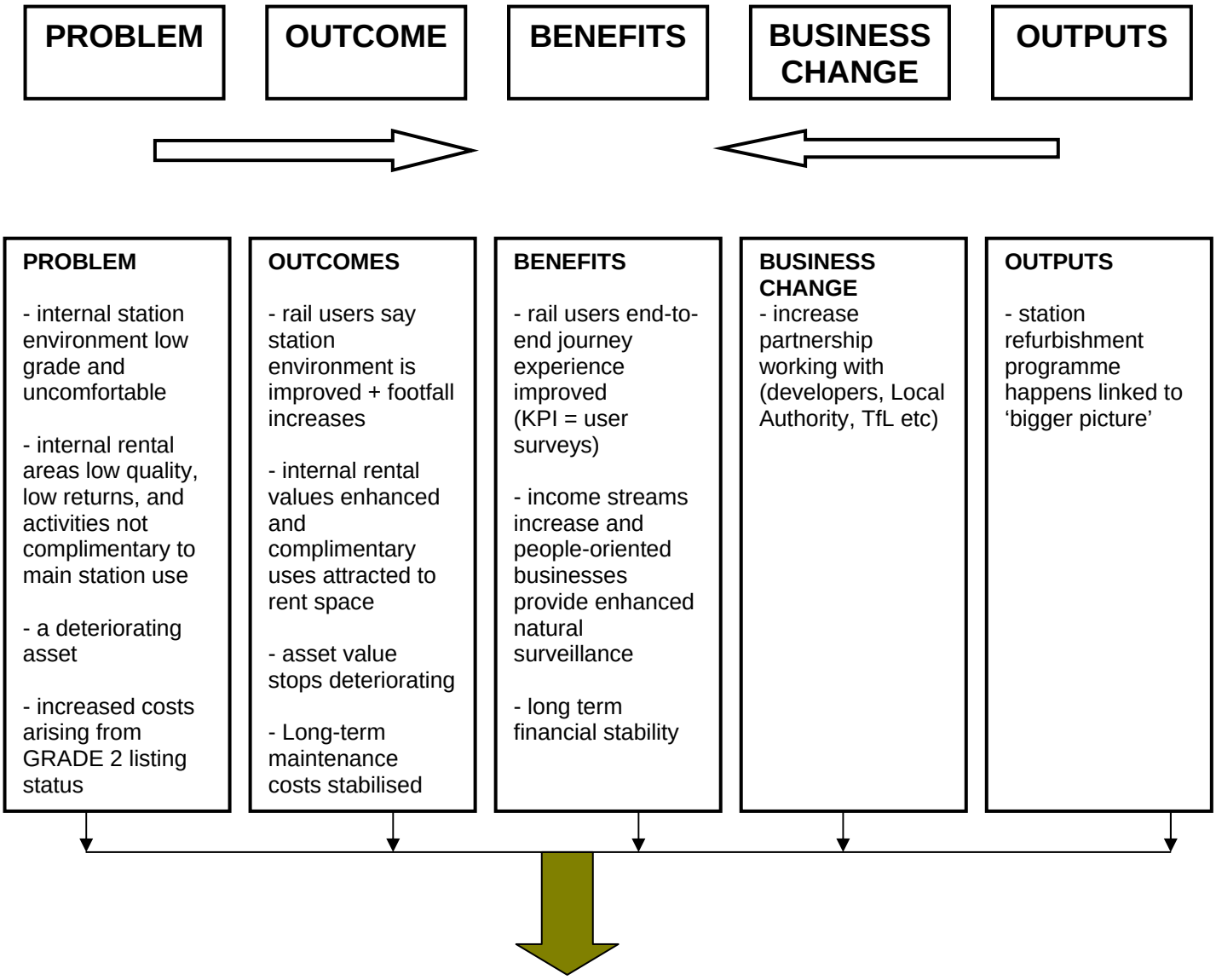
PHASE 3 – 2011-13
Demolition of the arcade buildings, erection of 2 x contemporary buildings alongside but incorporating the arches, and laying a new town square to the front of the station.

PHASE 4 – 2016+
Spread of cultural quarter arch development to the east and development of a second square as part of the complimentary measures to accommodate the Cross River Tram.
(NOTE: the spread of the cultural quarter may arise organically rather than in relation to the arrival of the Tram.)

Each PHASE is set out in more detail below, alongside a brief analysis describing how a realisable set of benefits can be achieved for each. The benefits mapping has been carried out in terms of the asset owner, Network Rail.

PHASE 1:

Station refurbishment programme + *Light at The End of the Tunnel* arch refurbishments – 2008-10



NETWORK RAIL high level objectives:

RAIL USERS: safe (personal security), decent end-to-end journey experience, nice environment
CUSTOMERS: v-f-m, respect for customers
STAKEHOLDERS: improved infrastructure, financial stability

PHASE 1

Station refurbishment programme + *Light at The End of the Tunnel* arch refurbishments.

The station refurbishment programme is at an advanced stage of planning.

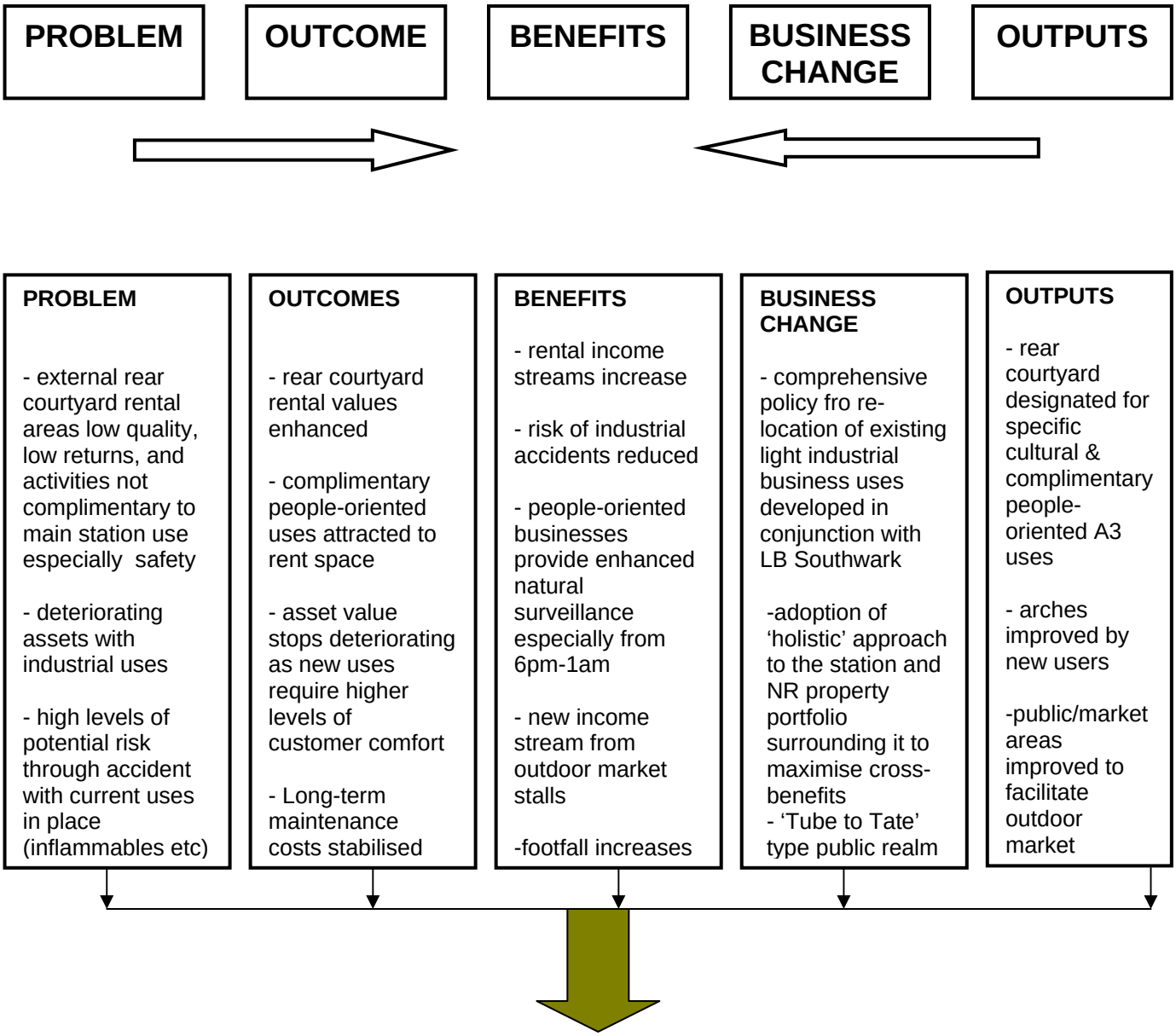
A programme of works has been identified to include Redecoration and Cleaning, Seating, Customer Waiting Acc., Customer Information, Time, Light Fittings, Doors, Toilets, Surfacing, Footbridges and Subways, Drainage and Rationalisation, with an estimated budget of **£709,0**51.

In addition it is anticipated there will be a review of the movement issues within the building in terms of use of space (eg reopening the Billiard Hall), access lifts, and an investigation into the potential for gating.

To compliment these works, LB Southwark can extend the highly successful award winning *Light at the End of the Tunnel* programme from the north of the borough to improve the 2 public access tunnels to each side of the station.

PHASE 2

The Rear Courtyard: 2009 – 2011



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PHASE 2

The Rear Courtyard: 2009 - 2012

This second PHASE would be a pilot extension of Spacia's *South London Redevelopment programme* (see **section 4** below) and involve a careful programme of re-locating existing light industrial uses – in partnership with LB Southwark - to be replaced by cultural/A3 uses.

The existing uses include activities associated with risk (spray painting etc) not compatible with a busy station & platforms, and storage-only, again not maximising the benefits of footfall associated with the station.

Refurbishment of the **27** arches would not need to be to the high specification of Wooton Street, and should offer a mix of arch types. The picture to the right shows the improvised use of arches at Borough Market. It will need early 'exemplar' refurbishments to attract the new mix of uses, and involve the new lessees in both financial and design input.

The new 'public' courtyard would be fitted with infrastructure (electricity supply and lighting) to allow outdoor market stalls. Targeted active promotion of the market would be offered collectively for the first 3 years. (See *Success in Business: Street Market Case Studies* a www.redochre.org.uk/crp/php)

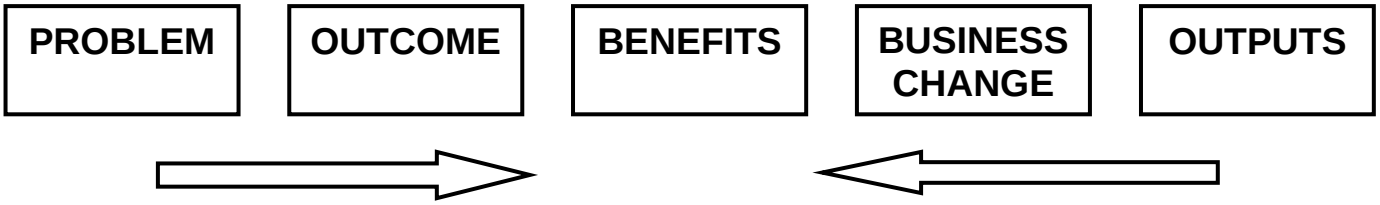
A new entrance through the station would be provided to link the station to the new public area to the rear. The area would be kept open during the difficult 'early evening' period from 6-9pm.

Artists impression of the rear courtyard of Peckham station as a market (note new entrance through the station)

Artists impression of Blenhim Grove with cultural/A3 uses

PHASE 3

Peckham station square: 2012-14



PROBLEM

- Poor lines of sight and hidden entrance heighten security fears and perception of crime

- low quality physical environment for rail users arriving and departing from the station

- low quality retail and 'lingering/café' environment

OUTCOMES

- Complimentary people-oriented uses attracted to rent space

- significantly enhanced rental values

- increased station patronage

BENEFITS

- rail users enjoy greatly improved end-tot-end journey experience inc walking and cycling arrival & departure

- people-oriented businesses provide enhanced natural surveillance especially from 6pm-midnight

-

BUSINESS CHANGE

- adoption of 'holistic' approach to the station and NR property portfolio surrounding it to maximise cross-benefits

- increased partnership working with developers, Local Authority, TfL etc

OUTPUTS

- existing arcade buildings demolished, new contemporary 'liner' buildings erected and new public square laid out in-front of the station

- improved way-finding and interchange signage

NETWORK RAIL high level objectives:

RAIL USERS: safe (personal security), decent end-to-end journey experience, nice environment
CUSTOMERS: v-f-m, respect for customers
STAKEHOLDERS: improved infrastructure, financial stability

PHASE 3

Peckham station square: 2012-14

This phase will see the demolition of the arcade buildings in front of the station and the creation of a new high quality public square, flanked on either side by contemporary buildings that extend the arches. This will be in keeping with the original 19th century station frontage (right).

Opening up the space will create:

- a focal point for the area,
- outdoor café culture,
- a proper arrival point for both the station and the cultural district to the rear.

This phase will require re-negotiation of an existing long lease on the arcade buildings. The picture to the right shows the recent contemporary treatment of the railway arches alongside the Royal Festival Hall, giving an indication of what can be done.

A baseline assessment of the economics of this PHASE is set out in **section 5** below, and a very brief commentary on markets, culture, and regeneration in **section 6**.

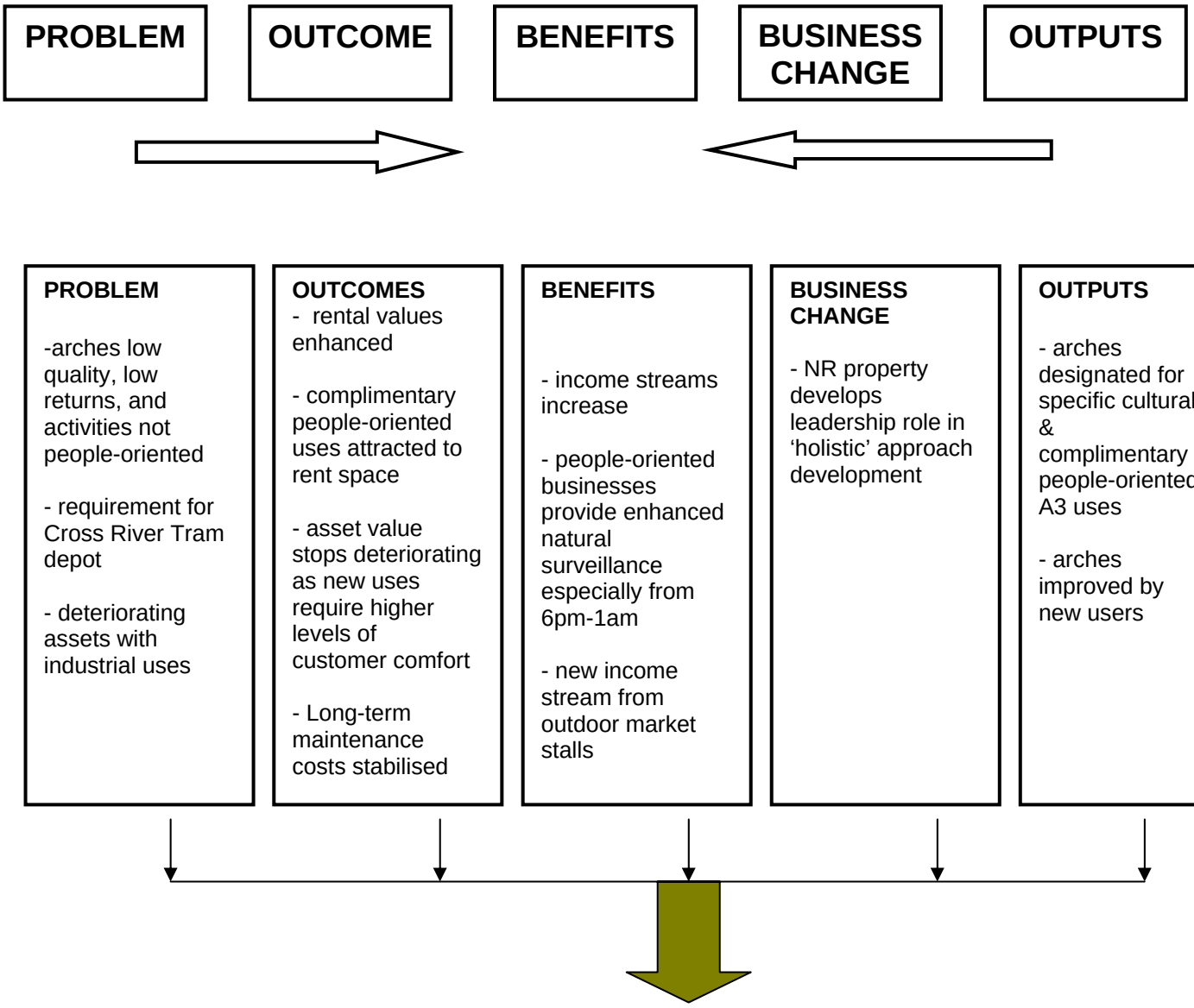
In summary, while the overall volume of space available for rent will be slightly smaller than the current offer, the new contemporary spaces will attract higher rents while simultaneously creating a much-needed public space.

Artists impression of the square looking towards the station

Alternative artists impression of the square looking towards Rye Lane

PHASE 4

The Cultural Quarter spreads to the east of Rye Lane 2016+



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CUSTOMERS: v-f-m, respect for customers
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PHASE 4

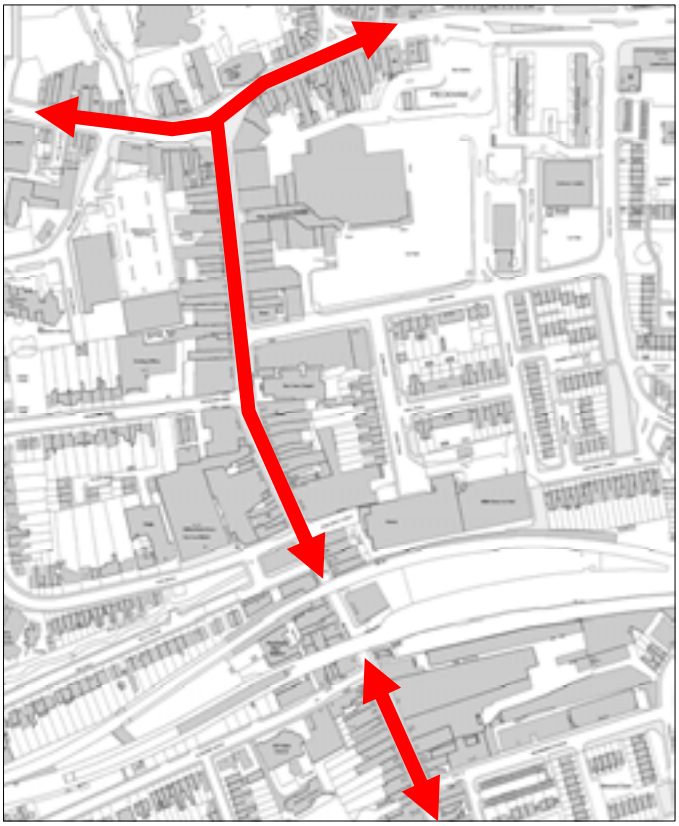
The Cultural Quarter spreads to the east of Rye Lane 2016+

The final PHASE of development would see the spread of the cultural quarter arch development to the east of Rye Lane and the development of a second square, as part of the complimentary measures to accommodate the arrival of the Cross River Tram after 2016. This would be highlighted by identifying the lateral link across Rye Lane in the re-design of the road.

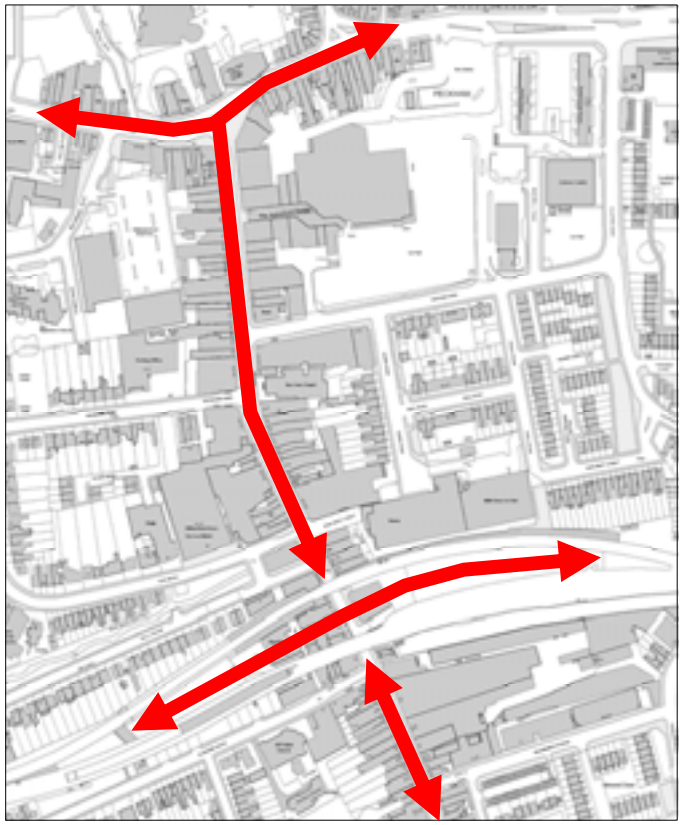
The spread of the cultural quarter may arise organically rather than in relation to the arrival of the Tram.

Artist impression of a new square behind the Art Deco facaded building on Rye Lane

Pedestrian movement



before…..

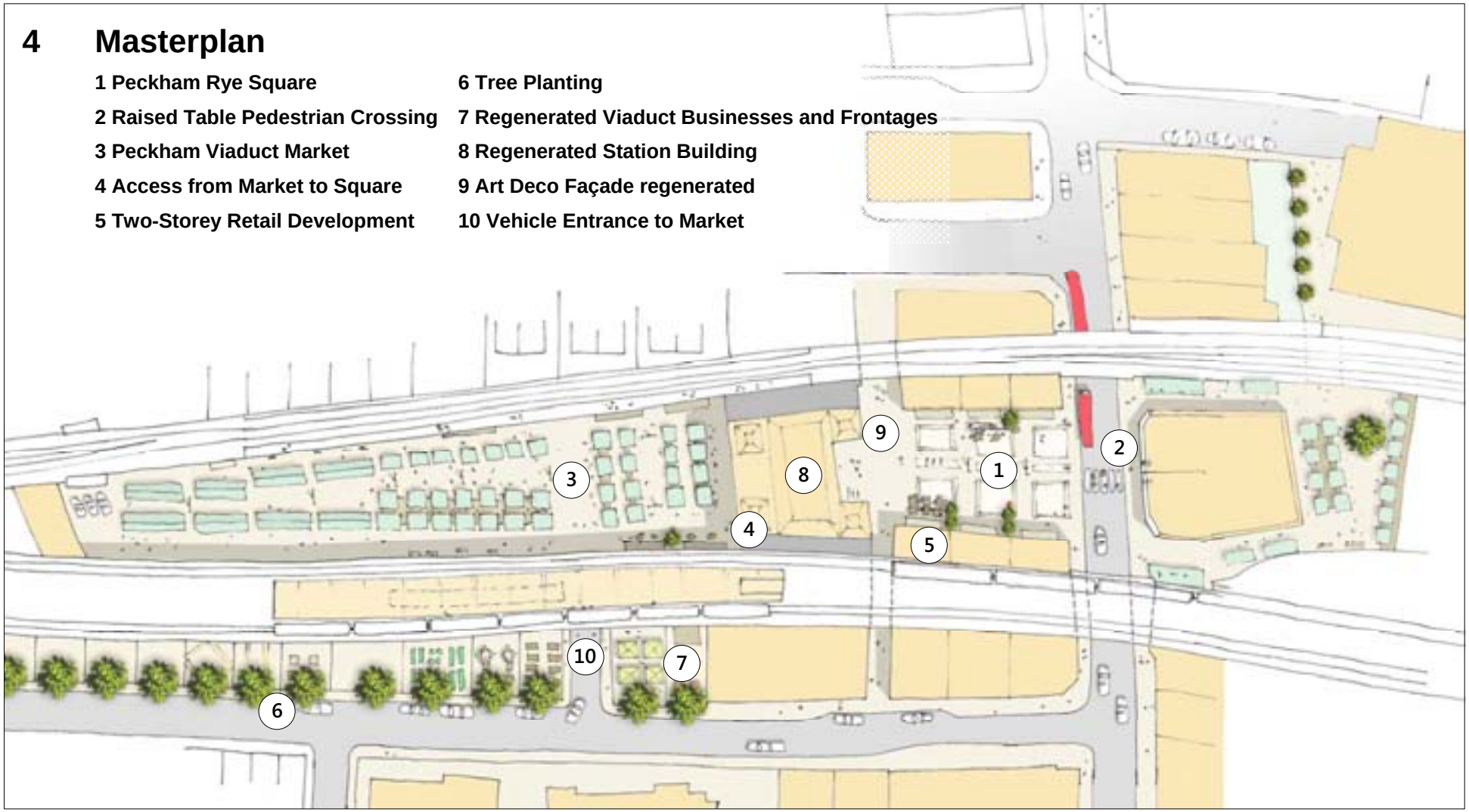


after…..

The redevelopment of the station and arches provides a new layer of interest to a currently very linear shopping street. The Victorian arches offer a more quirky series of places and spaces ‘to be discovered’ by leisure shoppers.

4 Masterplan

1 Peckham Rye Square
2 Raised Table Pedestrian Crossing
3 Peckham Viaduct Market
4 Access from Market to Square
5 Two-Storey Retail Development
6 Tree Planting
7 Regenerated Viaduct Businesses and Frontages
8 Regenerated Station Building
9 Art Deco Façade regenerated
10 Vehicle Entrance to Market



5 Looking to the Future: Spacia's South London Redevelopment programme

Over the past 8 years, Spacia have refurbished 88 arches in South London in Wooton & Joan Street in Waterloo, The Albert Embankment in Vauxhall, and Linford Street. This highly successful programme recently won the prestigious RICS *Property Management Award* for best Asset Performance Strategy.

The conversion of low quality arches largely used for light industrial purposes into high quality people-oriented uses like gyms, offices and restaurants, has undoubtedly had a positive regenerative impact on these areas, both of which have until recent years been characterised by high levels of perceived crime and social deprivation, and generally been regarded as run-down areas surrounded by large swathes of social housing.

Significantly, the upgrading of these arches has not followed a uniform pattern, involving different levels of investment from Spacia, other public sector partners and the tenants.

A parallel programme of extensive refurbishment to the public arches in these areas through Cross River Partnership's *Light at the End of the Tunnel* project has played a vital part in the success: good quality public realm needs to be created in tandem with high quality rental spaces for areas to be 'turned around'. In the case of Wooton Street and Joan Street, 5 adjacent public throughways were refurbished, including the involvement of the Railway Heritage Trust at Blackfriars Road.

Wooton Street rear) before

Wooton Street frontage after. …(note the public thoroughfare refurbishment to the left)

Developing a pilot extension of this successful programme around Peckham Rye station will bring a proven model to a difficult area. This model sees a virtuous circle emerge where asset owners investment triggers public investment in the public realm and levers in further business support to an organically growing cultural district' with a transport hub at its centre.

Wooton Street as a case study

The estimated cost of redeveloping the 18 units was £11,424,110, based on:

Value of site/buildings:	£ 2,284,467
Construction costs:	£ 6,707,651
Professional fees:	£ 737,841
Other costs:	£ 204,050
Subtotal:	*£ 9,934,009*
Developer's profit	£ 1,490,101
Total:	**£11,424,110**

The estimated gross rental income was £1,135,800 per annum, based on the following:

Offices:	37,057 sq ft	x £20 per sq ft = £741,140
Mezzanine offices:	22,574 sq ft	x £10 per sq ft = £225,740
Leisure (gym):	14,837 sq ft	x £10 per sq ft = £147,370
Cafe/restaurant:	2,055 sq ft	x £10 per sq ft = £20,550
Total		**£1,135,000**

Actual rental values were higher when the project was completed. The rent before development was **£296,981 p.a**. for the whole site. This represent an increased annual rental income of over **300%.**

Network Rail marlin map showing existing curtilages

= area under single long lease

= station & platforms

= other rental areas & yards

6 The Economics

Assessment of Peckham Station Area Redevelopment Financial Viability

The various phases of this project will need to successfully pass through Network Rail and Spacia's appraisal methodology. This calls for a minimum 9% return on investment over a 25-year period. It is also clear that a redevelopment of this scale may also need a commercial partner.

The following analyses are not intended in any way to be definitive. They are indicative, are not based on survey information, and should act as a starting point for detailed survey and appraisal only.

The marlin map on the facing page shows the existing layout of the rental spaces, and the demised area of the station & platforms.

PHASE 1 – station redevelopment + LeT refurbishments

The key to this phase will be consideration of the internal rental areas in the station in the context of the wider aspirations for future phases. This will add interest for future lessees and maximise value.

Light at the End of the Tunnel type public thoroughfare arch refurbishment could be achieved for around £40,000.

PHASE 2 – rear courtyard

There are currently in the region of 27 arches let at the rear of the station. These arches are popular with light industrial users due to the working yards that are attached to the lease. Annual rental yields range from £7k to £18K . This is comparatively low, even for Peckham Rye, and is reflected in the high occupancy rates.
Redevelopment costs are in the range of £60 p sq ft to £150 p sq ft at the high end (eg Wotton St). The post-re-development diagram below gives an indication of the size of the new spaces. This PHASE is assumed to follow a path of gradual redevelopment.
The arch space that could potentially be re-developed is in the region of 27,250 sq ft.
On the basis that 25% of the arches would be refurbished by Spacia at the outset to attract new tenants, at the mid range cost of £100 p sq ft, the cost would be £681,250.
The cost of providing lighting and electrical supply to the market area would be in the region of £60,000.
On the above assumptions the rental yield from the courtyard is in the region of £300-350,000 p.a. Post development should see this rise by between 50-100%. There would be an income from the market area of say £30 p day per pitch x 2 days a week x 30 traders = £93,600.
While there is a complex set of equations around capital inputs from tenants and/or a third party developer, it would appear that the project will meets the Network Rail appraisal criteria.

PHASE 3 – station square and contemporary liner buildings

The majority of the spaces within the arcade buildings spanning the viaducts in front of the station were let to a single holding company in 1982 on a 125-year lease. (See site layout after redevelopment diagram below). The cost of changing this arrangement is therefore unknown at this stage.

The size of the high quality redevelopment area is assumed to be in the region of 8000 sq ft, approximately 20% less than the space currently let. Allowing for inflation to give a cost of £175 p sq ft, the cost of creating these new contemporary units would be in the region of £1.5m not including demolition. The current single head lease arrangement is of very low value to Network Rail. The increase in rental yield from these could reasonably be assumed to be 300-400%. On the assumption that the new contemporary spaces could yield a rent of £25 p sq ft p.a. this would be represent an annual income of £200,000.

The buildings to the south of the viaduct on Blenhim Grove, also currently under the long lease, would fall into the 'graduated refurbishment bracket along the lines of the rear courtyard, in response to the new demand profile generated for space within the cultural district. Refurbishment costs would be significantly less at up to £50 p sq ft. On the assumption that this area is 8,000 sq ft, it would cost £400,000. Rents would increase by anything up to 50%.

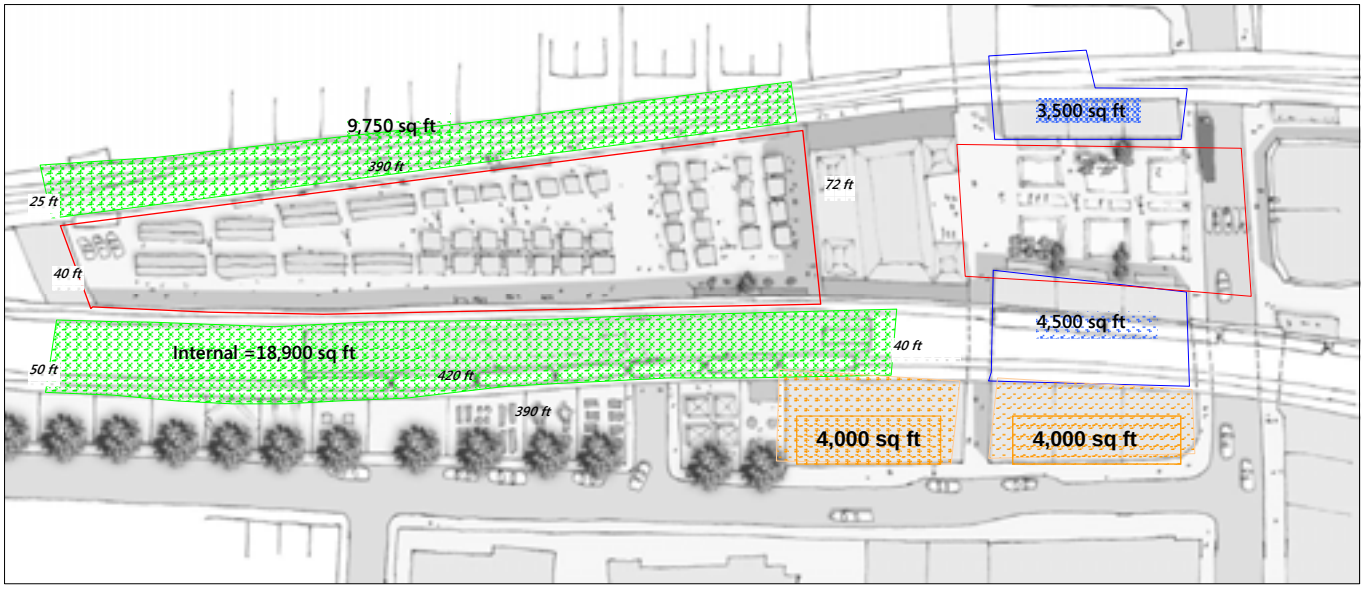
The cost of laying out the square to a high standard would be in the region of £350-£600,000.

Notwithstanding the cost of revoking the lease, this series of measures would seem to meet the Network Rail appraisal criteria.

PHASE 4 – arches to the east of Rye Lane

This phase will be influenced by a) the particular character taken on by the cultural district and b) the arrival of the Cross River Tram. In the latter case, this will have a major impact on funding sources, and space. If the Tram doesn't arrive, the economic analysis would follow the pattern of the rear courtyard.

Peckham Rye Station: approximate areas after redevelopment



Building refurbishments

27 x arch refurbishments

station square

Market area

high quality refurbishments

7 Cultural Districts, Markets, and Regeneration

Over the past decade much has been made of the potential for cultural activity - be it the commissioning of iconic buildings (Guggenheim in Bilbao, The Baltic in Gateshead) the growth of 'creative' industries and associated A3 uses in districts (Manchester canalside) or the expansion of independent BME businesses (Brick Lane) - to act as a catalyst for regeneration.

This phenomenon has probably been overplayed. It is reasonable, however, to take London as a special case, where the sheer size of both the number of the creative industries employees and the shopping public they need has given rise to some specific developments where culture in its broadest sense has played a key role.

The most obvious examples are:

- **Camden Market** – (fashion, markets, boutique shops, canalside, etc)
- **Hoxton** – (creative industries, design, fashion, DJ music culture, visual artists, studios etc)
- **Portobello Road** - (fashion, markets inc antiques, music studios, etc)
- **Greenwich** – (tourism, markets inc crafts, etc)
- **Borough** – (market inc principally food, etc)
- **Brick Lane -** (ethnic foods, markets, DJ music culture, visual artists, studios etc)

All these districts have generated tourism, and have continued to grow as destinations.

Is it too fanciful to imagine that somewhere as apparently run-down as Peckham Rye could emerge as the new place to be?

In answering that question you have to consider the historic development of places like Camden Market and Hoxton. When they began, these areas were considered run-down and neglected: that's why they were able to develop as they did. While transport links are important, it is worth considering the fact that Peckham is the same distance from the river Thames as Camden. And like Camden, it sits on the edge an inner city social housing enclave that gives way to a more affluent hinterland. For Hampstead read Dulwich. Peckham also has both a preponderance of fine arts students - lying as it does between Camberwell and Goldsmiths – and an existing base of independent BME businesses. The East London line extension may usher in an era of overground travel that brings it close to the reliability and frequency of the tubes.

Not as fanciful as it might seem then.

APPENDIX 1

What makes good public space?

(Source Roger Evans, Simon Quinn (ATCM) Urban Design London masterclass Feb 2008)

- Places to linger
- Outward looking frontages/footfalls
- Respect fine grain of streetscape – not large multiples in covered areas
- Independent retailers
- Natural surveillance
- Welcoming to ALL
- Good quality window displays
- Recognise topography/make level changes
- Mixed use, including uses extending into the evening:
    - improve quality of day-time public realm (transparency at ground level, visibility, pedestrian priority)
    - improve quality of night-time public realm (surveillance etc)
- Use opportunities to bring scattered civic uses back into the Town Centre
- Publicly owned public realm
- Opportunities for small independent local shops &services
- Cross-subsidise key local traders (eg French bakers)
- Different architecture for different building
- Rule of thumb for maximum area of town Centre roofed in

APPENDIX 2

Benefits for Public and/or Private Developers (Co-) Funding Good Public Spaces

Source: Young Foundation report for CABE "Mapping Value in the Built Urban Environment" (2006)

Individual Developer

- Worker rest - Summer lunch breaks mingling with the public
- Worker pride in their company's building/surrounds
- Developer/Owner's public relations – seen as good neighbor
- Play areas for kids can mean more family shopping days out
- Secure planning permission

Collective Investment

- Neighbouring properties will impact on one another
- With collective investment all gain in an upward spiral

Individual and Collective Benefits for the Public from Good Public Spaces

Individual

- wellbeing from spaces to unwind in
- wellbeing from urban greenery
- wellbeing from buildings that stimulate
- wellbeing from places where people can watch the World go by
- wellbeing from places/spaces that encourage walking
- wellbeing from being safe – and feeling safe
- civic pride from great developments

Collective

- social capital (mutual trust, sense of obligation, sense of community, shared norms and values) is greater with certain development types that foster frequent meetings.

- community cohesion – places where ethnically and culturally diverse groups can co-exist peacefully.
- social inclusion – places where often-excluded groups can be welcomed by the mainstream

Types of Benefit for Other Property Interests from Good Public Space

- private commercial property values may increase
- private residential property values may increase
- private commercial rents may increase
- private residential rents may increase
- assets owned by community groups may increase
- assets owned by local authorities may increase