



Review

Urban land and property ownership patterns in the UK: trends and forces for change[☆]

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ABSTRACT

The first part of this review examines what is meant by 'urban land and property' (ULP) and looks at the background of ULP in the light of trends in UK urban areas over the past 50 years.

Key conceptual approaches to the ULP 'ownership issue' are identified, together with the constraints to empirical analysis, which include a lack of data and patchy and inconsistent datasets. Three main components of ULP ownership in the UK are then examined using published data on commercial property, residential property and urban land, including 'previously developed land' (PDL) and 'development land, covering both the private and public sectors.

The review examines past trends in ULP ownership patterns in these sectors within the UK, and the key drivers which have created the present day patterns of ULP ownership. It concludes by identifying possible future trends in ULP ownership over the next 50 years to 2060 in the three main ULP sectors.

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Introduction

Part of the problem of trying to quantify UK land and property ownership, in both urban and rural areas, is the paucity and dis-

parate nature of the available data and gaps in record keeping (for example, Land Registry data in England and Wales (Kivell, 1993 and Cahill, 2001)). Despite this, it is possible to build a reasoned and informative picture of urban land and property ownership, using a 'bottom up' approach based on a number of other published data sources.

The starting point for this is a clear definition of what is meant by an urban area. In this paper the 2001 Census definition of settlements in excess of 1000 population and 20 ha in extent is

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adopted. This paper also refers to ‘urban land and property’ (ULP), a term which includes land, buildings and other infrastructure. The paper also adopts value-based measures where relevant because in urban areas, where buildings represent a significant element of value, the proportion of land area owned may well not accurately reflect real power and wealth.

The paper examines why ULP ownership is important and identifies the main ULP ownership groups, before reviewing the extent, growth and composition of urban land in the UK. The paper then focuses on three main types of ULP:

- Commercial property (with a particular focus on offices and retail);
- Residential property;
- Urban land available for development or previously developed.

In examining these groups a variety of data sources are used and, as far as possible within the constraints of data, the historic trends of the past 50 years are set in the context of relevant economic measures such as land values and yields. The key drivers for change in these sectors are also examined in the context of this historic review.

The paper concludes by examining each of the three sectors in ULP ownership patterns in the UK, and attempts to identify their future shape and form on the basis of its previous analysis of key drivers and their potential impacts.

Urban land and property ownership and data constraints

In many developed countries, urban land is a major component of overall land use. Understanding patterns of urban land and property ownership is important not only because the size and configuration of land holdings affect urban morphology through new development, regeneration and refurbishment of existing land and property, but also because historically, the timing of land sales affects the nature and shape of urban development by reflecting contemporaneous architectural and planning styles. Land ownership also confers economic and social power and wealth on owners, who can also exert influence upon urban planning policies and outcomes (Massey and Catalano, 1978; Kivell, 1993). Moreover, land ownership is a keystone of national and local economies and may be seen as an important link between the production sector (in terms of the property development and investment sector) and the consumption sector (in terms of occupiers of land and property). Finally, land ownership reflects societal values, given that ownership is a social construct and that urban areas impact on the environment (Kivell, 1993).

Since the 1970s there has been a considerable amount of research in the UK into the motives and behaviours of landowners, especially in relation to the supply of land and the planning system (see for example, Massey and Catalano, 1978; Goodchild and Munton, 1985), but this has been hampered by a fundamental lack of data and information on land ownership (Kivell and McKay, 1988; Adams and May, 1990; Kivell, 1993; Cahill, 2001).

In Kivell's view (1993) this shortage of information has been driven by a tradition of confidentiality over land ownership in England, with transactions being held as ‘exclusive and confidential’ (Edwards and Lovatt, 1980), and by the fragmented nature of public sector data records on land ownership. Although the Land Registry in England now has open access to its records, as Cahill (2001) points out, some 35 per cent of registered land records in England and Wales have no details on ownership. This has led to considerable difficulties in building up a consistent and integrated picture

of urban (and rural) land ownership patterns in the UK (Munton, 2009).

Urban land ownership groups

During the 19th century, the traditional system of urban estate management by aristocracy and the landed estates in the UK was replaced by a commercial property investment market driven by the insurance companies. Traditional landowners continued to be important players in the urban property market, but the rise of the middle classes and the desire to save and invest drove the formation of insurance companies prepared to invest in property, and the creation of new public property companies (Scott, 1996). The subsequent emergence of the UK's property investment market during the interwar years was driven by the rise of multiple retailers which were prepared to rent rather than own property (Scott, 1996). In the postwar era, the financial institutions (life insurance and pension funds) have come to dominate the commercial property investment landscape (Scott, 1996; Harris, 2005).

This historic evolution in commercial property has created a complex grouping of urban land and property owners. Within the private sector Massey and Catalano (1978), for example, provide a useful, though limited, typology of land ownership comprising three major and distinct groups: ‘former landed property’ (Church, landed aristocracy and the Crown Estate); ‘industrial land ownership’ (including manufacturing industry and service sector occupiers) and ‘financial land ownership’ (including financial institutions and property companies). In addition, as Kivell (1993) points out, it is important to recognise the role of private home ownership in the private sector alongside the role of the public sector (through local and central government, for example) as major players in land ownership.

There are several interlinked markets in which these groups trade urban land for commercial use (Ball et al., 1998). The first is a ‘user market’ which comprises property owned by commercial property users (offices, retail and industrial), or rented from financial institutions or property companies. Here the principal forms of land ownership are freehold and leasehold. Secondly, there is also a market in property as a financial asset owned and traded by property investors including financial institutions and property companies. Thirdly there is a property development market where new property is developed for ownership by investors. Finally the user and development markets are connected to an urban land market in which new development or redevelopment can take place. Residential property is also governed by the interaction of these markets. This relationship has been usefully conceptualised by Keogh (1994) (Fig. 1).

If we are to understand ownership patterns we need to look at the commercial property, residential property and urban land sectors. Given the important role that urban areas play in the economy, and the vital role that urban land and property ownership have in determining the shape and form of our cities, the starting point for a detailed examination of ownership patterns is a closer analysis of the nature and extent of the UK's urban land.

Urban land: extent, growth and current composition

By any measure the UK is a highly urbanised country. In 2001 (the date for which the most recent figures for the country as a whole are available) some 80 per cent of the population lived in urban areas, with about 41 per cent of urban dwellers, or one-third of the whole UK population, living in the ten most populous urban areas. Based on data in the in the UK Census, urban land use repre-

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