

Waterside Properties

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with assistance and
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FOREWORD

1. The development of Britain's inland waterways in the late 18th Century provided the catalyst for the industrial revolution. Factories and warehouses were developed to serve industry, and ale-houses, hotels and cottages provided to serve the needs of the carriers and canal workers. The transfer of freight to railways did not only bring about a decline in the waterways, but also a decline in districts surrounding them. New industrial needs and a decline in manufacturing accelerated the process. However, with 50% of the population living within five miles, waterways have taken on a new role – as a tourism and recreation resource, and as a focus for both urban and rural regeneration. In both waterway restoration and property regeneration, British Waterways (BW) has acquired an enviable depth of experience.
2. Established in 1963, British Waterways' now own and manage 2,012 miles, representing over 50% of the UK's inland waterways. The property associated with these waterways is extremely diverse: a historic legacy (over 2,000 listed structures and ancient monuments) [1] passing through some of the most beautiful countryside in Britain. Conversely, large tracts of unused, often derelict land adjoins many inner urban canals. Today BW's investment property is valued at £177 million and provides annual revenue to the waterways of £21.6 million [2].
3. There is a paucity of academic research into waterside property values and this paper will largely reflect the British Waterways experience. No doubt the experience acquired and the lessons learned can be applied to navigations owned by others.

INTRODUCTION

4. The Author was invited to write definitively upon the influence of a waterway on the value of land and property in its vicinity and the effect on property of restoration of a waterway. In addressing this subject it is equally necessary to turn the questions on their head and look at the effect on the waterway and its value as a consequence of the uses to which adjoining property is put. Property regeneration goes hand-in-glove with restoration, and whilst a synergy exists they have different objectives. Regeneration means to breathe new life into, to change and to invigorate. It is associated with the providing of a new economic life. Restoration suggests more that the objectives are to reconstruct, recover and repair, to bring back and re-establish. In other words a return to a past life which historically proved commercially uneconomic in later years. In reality, a balance has to be drawn between the two. If future sustainability is to be achieved a waterway owner has to secure new and growing income from the building blocks provided by waterway restoration. Long term revenue and sustainability are essential to funding the asset.
5. With this in mind it is important to be aware that, whilst property

development and regeneration can take place profitably without being beside water, it is difficult to conceive how a restored waterway can be sustained without development. How could it be cared for into the future without capturing some of the adjoining property values? Income from property assets accounts for over 40% of British Waterways' self-generated income (excluding Government Grant and third party funding). Without this BW would have £22 million a year less to apply to the maintenance and improvements of its waterways. It is critical to a waterway owner that the potential for property value enhancement is identified ahead of a restoration scheme so that some of that value can be secured. There is no doubt that, in the past decade in particular, there has been a waterway renaissance borne from a need and desire to balance both the objectives of regeneration and restoration, a balance which gives returns to both the waterway and property owners. "There is a good deal of commentary about 'authenticity' or the lack of it along today's waterfront that is idle romanticism. These critics are not dealing with the reality of abandoned factories and power plants, rotted piers and decaying wharves and weedy wastelands that constitute many waterfronts. The trick is to retain as much of the original character as possible".[3]

6. Property and its active management has to be part of any business. Waterways are not unusual in this sense. This is important to the future sustainability of the British inland waterways network. Railways, around the world, use their major stations as retailing and profit opportunities to subsidise the trains running on the track and airports use duty free shopping areas to keep down the costs of aircraft landing fees. Similarly British Waterways needs to use its property to generate income, to become the focal point and catalyst for the regeneration of urban towns and other centres, and to create and add value to the waterways.
7. If waterway restoration is to be the catalyst for development or vice versa then the owner must give equal attention to both a conservation plan and a property investment and development strategy: the former to protect value, the latter to capture it. The waterway owner must look at the whole corridor of ownership and not simply his own property. The strategy will identify the actions and investment required of the waterway owner whether it is developing buildings, buying new development sites, forming joint ventures with adjoining owners, influencing the content of structure/local plans with local authorities, or providing well thought out responses to other parties planning applications. In turn, new neighbours can potentially turn into new users and customers of the waterways and, in so doing, more directly improve the waterway revenues as boaters, anglers etc. How this is created depends upon many varied factors and there is no stereotype answer.
8. To explain this in more detail it will be necessary to examine how different types of property uses interact with the waterway and how new property uses and new values are introduced to the waterways. This can be referenced by way of practical examples and, to a limited extent, some academic research.

This gives substance to new property expressions BW has introduced to the market vocabulary in recent years, namely – "Water: The Added Value"[4] and "The Ripple Effect".[5] The reader will note from the case examples that in some instances waterway restoration is the promoter of property development; in other instances development brings about improvements to waterways. Increasingly, as the importance of one to the other is recognised, waterway restoration, regeneration and development operate side-by-side.

THE WATER AND DEVELOPMENT VALUE INTERPLAY

9. "Because of the range of geography, population and types of waterfront projects there can be no single set of criteria for success. Each project will be individual with their own characteristics of public access to waters edge, the civic contribution, the scale, material and style, be it bold, modern or an adoptive reuse of a former warehouse".[3] Property value enhancement is often put forward as the reason why developments are more likely to take place if there is a water component, rather than elsewhere. It is often said that properties located alongside waterways can command higher values than equivalent properties elsewhere. Waterside locations are promoted to developers and occupiers as the place to live, work and play. The reasons why are best addressed under these broad headings, albeit it is now becoming very common to see waterside developments mix these uses to provide a continuous clock of life and vitality that produces a highly marketable product adding yet further value. Unused waterways can provide both a hostile and unsafe environment shunned by local people. "The key to reducing fear of crime is the presence of other people, lots of other people, doing many different things".[6] "That the inherent magic of water will draw people together at certain places or for special events is proof that the growing sense of isolation in our cities does not have to be".[3]

A place to live

10. A study [7] carried out by Newcastle University into residential property values in 1992 confirmed that it is, in fact, the case that water adds value.
11. Two environmental economics techniques were employed in the Newcastle study:
 - a contingent valuation approach (CVM), based on the expert judgment of a random sample of members of the Royal Institution of Chartered Surveyors throughout the country on the premium associated with residential properties adjacent to and close to waterways, and
 - a hedonic house price model (HPM), based on actual sales of (1) waterside properties, (2) other houses near waterways, and (3) houses at some distance from waterways. The model sampled properties in the London and West Midlands areas.

12. The main conclusions from the study were:
- Both models found a positive premium associated with the proximity of residential properties to canals and navigable rivers. This premium was not confined to houses which were actually waterside, but extended to properties at some distance away from the water.
 - The expert judgment CVM approach found that the average premium associated with properties with a water frontage, compared with those at some distance from the canal or river was 19%. The premium of other properties in a waterside development compared with those at some distance away from the water was 8%.
 - The premiums derived through the HPM method were considerably lower than those obtained using CVM. For the London area, the location of a property on the waterside added a premium of about 3% to house prices compared with those away from waterways. The equivalent figure for the West Midlands sample was 5%. In the London sample, properties close to, but not beside, the waterway commanded a premium of about 1.5%.
 - At first glance the results from the two methods appear to differ widely. However, it is important to note that the methods actually value different types of property. The CVM results relate to new property developments in a pristine waterway environment, with superior water quality. These are the types of location that would be favoured by developers. The HPM approach relates to the existing waterside property stock and includes properties in older, more run-down areas, where environmental and water quality would be below that which would be acceptable for a modern development.
13. The Newcastle study does not address development cash flow. A frequently used developer expression is "Cash is King". This underlines the importance of cash flow and can be more important than any 'premium' value. The profitability of a residential development can be severely reduced as a consequence of a low sales rate against development costs expended. A developer wants a scheme that will sell fast and ideally off plan even before he has incurred development costs. British Waterways has experienced this itself on joint venture developments at Woughton, Milton Keynes, at Limehouse Docks, London and at Fazeley near Tamworth. Moreover, all the housebuilders with whom BW come in contact stress the importance of finding an attractive waterside location for accelerated rates of sale. Speaking as the Chairman of St George plc about the Limehouse development, Trevor Osborne, FRICS, FRSA, makes the point that "canalsides make for faster sales, at better prices. We sell the view. Regeneration is about confidence. The first project that is done in a run down city area is much more likely to succeed if against a water area. To build here has a marvellous ripple effect. If you look up here, it is all sold, and we haven't finished building it yet." [5] However, we should not delude ourselves that

water in itself is the creator of value. The other ingredients of good design, location, market, economy etc. are just as important. In 1994 the Piccadilly Village development at Manchester not only funded a rebuilding of a length of the adjoining waterway but also secured the homes a shortlisted nomination in the MIPIM Awards in praise of excellence for Euro-class buildings.

A place to work

14. No research similar to the Newcastle report exists for the workplace. However, other developments do benefit from a canal location. The Ecotec study [8] found that canalside sites provided a focus and integrating factor for regeneration schemes, although how this actually operates varies from case to case. Features of such schemes include:

- the creation of a good quality water environment to support development opportunities, e.g. Gas Street Basin and Aston Science Park, Birmingham.
- the development of pedestrian movement corridors within sites, e.g.: Merry Hill, Dudley; Brindley Place, Birmingham; Victoria Quays, Sheffield.
- the linking of separate sites along a development corridor, using the improved canal environment as an integrating factor, e.g. Blackburn.

Talking about the mixed leisure, office and retail development at Gloucester Docks on behalf of the developer, Crest Nicholson, Carolyn Puddicombe, their Development Executive says: "whether they are visitors or workers they all come to the water at some point in the day."

15. Ecotec suggests that there is little evidence to show that other commercial property values (e.g. offices, manufacturing industry) are generally enhanced by a waterside location. However, there is evidence that waterside commercial properties are more marketable than those that are not waterside. The take-up of space in such developments tends to be faster. Therefore, the value of the property can be realised quicker than would be the case if it wasn't waterside. As stated previously: 'Cash is King'. Further evidence of this is the increasing and deliberately planned integration of the waterways into the business and shopping centres of towns. Camden Lock proved to be the catalyst and remains at the heart of a retailing boom in Camden High Street, London. It has proven one of the Capital's major tourist attractions, but would not perhaps be appealing to boaters and other waterway users who are looking to get away from the crowded high street. An extension of Walsall town centre has introduced major retail development to the edge of Town Wharf and the restoration of the Walsall Arm. The redevelopment of Victoria Quays, Sheffield has led not only to the restoration of the Tinsley Canal and its reclassification as a Cruising waterway, but it is also playing a major part in the redevelopment of the town centre. The city fathers' strategy [9] calls for the total integration of the canal into the traditional retail and market area.

A place to play

16. Restoring waterways increases their use which in turn creates demand for moorings, marinas, boatyards, tea rooms, visitor centres, camping and caravanning sites etc. Calculation of visitor numbers, off-site tourism effects and total development potential and values is an essential ingredient to successful funding bids.
17. When asked to report [10] upon the canal improvement proposals for the Kennet & Avon Coopers & Lybrand stated : "We have assessed the economic impact of the Canal in terms of its:
 - a. direct benefits, for example, the income and employment associated with the operation of marinas and boat operators or the direct spend of visitors to the canal corridor attractions such as local tourism and heritage features;
 - b. indirect benefits, i.e. income and employment from companies which supply those companies which are directly dependent on the canal or from visitors to the canal spending money locally in pubs, restaurants and shops;
 - c. development benefits, arising out of, for example, the construction of new hotels, marinas or industrial floorspace;
 - d. multiplier effects i.e.: the knock-on effects of local sourcing of goods and services to canal related business."
18. Only circumstantial evidence exists to show that the values of leisure-related developments, such as pubs/restaurants, are enhanced by a good quality canal environment. This is reflected in the willingness of developers to capitalise on the features of the canal e.g. Wharf Inn (Eanam Wharf) and Hemms Inn (Bottom Lock) at Blackburn; Stanley Ferry, Wakefield and Cuckoo Wharf, Worksop.
19. Brewers and pub operators say they would expect up to 25% greater turnover from a pub or restaurant located on the waterside, than that from a similar operation without a vibrant water frontage. A Bradford University study[11] carried out on the Kennet and Avon Canal is relevant to such operations when viewed as visitor destinations. In placing a value on visitors' enjoyment the study found that the proportion of visitor enjoyment associated with seeing boats pass through the Caen Hill locks was of the order of 40%. From the perspective of the waterway visitor/onlooker, the presence of boats transforms them from being mere water channels into waterways with movement, interest and colour.
20. BW's experiences show that, as with other types of leisure use, water adds value. The £40m Royal Armouries development would not have relocated from the Tower of London to Clarence Dock, Leeds had it not been for the

major amount of water space. Chris O'Boyle, Chief Executive of Royal Armouries International says: "We have come to Leeds because we have a wonderful setting, bounded by water.[5] Water events are critical to success." Waterways are visitor destination places and leisure operators can capitalise upon this by putting their own operations in close proximity e.g.: National Waterways Museum, the Package Museum and Antiques Centre at Gloucester Docks; Sea World, National Indoor Arena and International Convention Centre, Hyatt Hotel at Birmingham. Owners of leisure outlets frequently specify sites with waterside location and historic buildings.

Property returns to the waterway

21. Having considered what water can do for developments, what can the waterway get back in return? Apart from the obvious higher rentals and sales values flowing to the waterway property owner there can be many indirect benefits. Developers and occupiers, as we have seen, want to sell and buy into good locations. To do this they look for a quality of environment. If it will create or add profit they are prepared to invest in resurfaced and new footpaths, new or repaired waterway walls, toilet facilities, landscaping (hard and soft), restored canalside artefacts, and historic buildings, new lay-bys and mooring rings/bollards, e.g. Granary Wharf, Leeds. The developer may even include a substantial marina within his development. This could provide private moorings for residents, e.g. Pennylands at Milton Keynes; a commercial marina business e.g.: Woughton, Milton Keynes and Hayes, Southall; a mix of both as at Trowbridge, Wiltshire, or a visitor attraction as at the Stoke Garden Festival Site. The occupier at Pennylands pays BW a rent for the moorings. In the case of all the other mentioned marinas the developer did not want to retain ownership or the long-term management and gave them to British Waterways at no cost, complete with support buildings. Having leased them out they now provide their waterways with long-term revenue as well as the facilities themselves.
22. A developer may be fortunate enough to find historic docks and restore them as at Piccadilly Village, Manchester. In all such cases the developer sets these as a cost against his development for the added value achieved. Footpath, cycle and road links to surrounding areas are improved, hitherto inaccessible canal frontages opened up, e.g. Bellway proposals for waterfront at Thorne, South Yorkshire, and tourist attractions, shops and other facilities provided. Even industrial property owners will contribute to waterway improvements if this gives them a more prestigious address, and a safer and more pleasant working environment with relaxing lunchtime sit-out areas and walks.
23. If a waterway owner is to capitalise upon the success of a waterway restoration project it is essential that he has a property strategy and identifies as part of the project appraisal those lands and buildings that will appreciate in value. Having identified them and measured the potential this can be put to advantage in different ways. The ability of the project to

trigger economic, social, environmental, heritage, educational and training gains can all be important factors in attracting financial grant assistance to the project. Moreover, the restored waterway will need long-term revenue to enable the restoration to be sustained. Income potential of the water space is not enough. The owners of the navigation should secure a direct involvement in the property development opportunities arising either as a sole owner or partner with others. In this way new capital and revenue receipts can be generated. The revenue generated from the properties owned by British Waterways at Gloucester Docks contribute to the maintenance of the Gloucester and Sharpness Canal. By a joint venture with the private sector at Milton Keynes and following an initial equity investment BW secured a greenfield site which was developed for a 100 berth marina and chandlery, pub restaurant and hotel, 50,000 sq.ft. of offices and a large number of apartments. The development provided British Waterways not only with a very acceptable capital return upon its investment but also secured the ownership of the marina at no cost and a rental from the operator. Again, these receipts go towards the upkeep of the Grand Union Canal.

24. It is absolutely vital that a property strategy is based on a full corridor study undertaken at the outset by those with appropriate architectural and professional knowledge, e.g. BW's Waterway Environment Services at Hillmorton. A strategy document that embraces the whole corridor of opportunity, not only property development issues, but also environmental, heritage, ecological, hydrological, recreational, tourism, conservation and local planning issues, will prove a valuable document in more ways than one. It is essential to the optimisation of waterway value. It will be used to persuade planning authorities to adopt the waterway requirements within their Local Plan. Planning conditions attached to subsequent planning consents will then enhance the use of the waterway rather than detract from it, e.g. landscaping and footpaths, design guidelines. In the same way the waterway owner can use the document to approach adjoining owners and developers to persuade them to revise their development plans or improve their existing use for the benefit of themselves and the waterway.
25. Individual perceptions of the value of development will vary and on occasion lead to a nimby attitude which may or may not be justified. Take the Trowbridge marina and housing development for example. Many may have preferred it to remain a greenfield site, albeit it was occupied by a battery chicken farm. However, growing boat numbers demanded new and modern serviced moorings. The whole of the Kennet & Avon Canal route is planning sensitive but the local authority at Trowbridge wanted a tourist/visitor attraction. The developer was prepared to finance and build a marina at this location and gift it to BW. It is all a question of balance and measured judgement. An overall strategy is essential to the achievement of balance.

Waterway restoration as a catalyst for regeneration and development

26. The new role for inland waterways over the past 10 years or so has led to an increasing recognition of their importance in the property world. There are a number of reasons for this:
- The leisure and tourism use of waterways forms an important base for developing other activities around it, particularly retail, catering and office developments. Waterways provide a lively and interesting background for these developments and a ready market for the retail and catering sectors;
 - The linear nature of waterways means they provide a natural linking feature between individual developments, helping integrate schemes;
 - The attractiveness of the waterway environment means that developments become more marketable and property values are often enhanced in waterside schemes;
 - Waterways provide green corridors, linking urban areas with the countryside and bringing nature into the heart of towns and cities;
 - The buildings surrounding waterways, together with canal structures such as locks and bridges, provide historic links with our industrial past. Buildings and structures often need to be conserved in many developments.
27. From the point of view of local authorities, and funding agencies, waterside regeneration schemes are intended to deliver a number of outputs, including:
- Economic development, generating income within the local economy and providing employment;
 - Clearing up derelict land and bringing it back into economic use;
 - Enhancing the environment and conserving heritage;
 - Providing tourism and recreation opportunities and acting as a focus for community development.
28. Implementation of projects has been helped by the availability of grants to support the funding provided by local authorities, other public agencies (such as British Waterways) and the private sector. Schemes have been funded through grants from UK government sources (such as the Single Regeneration Budget), the European Structural Funds (particularly the European Regional Development Fund – ERDF) and the National Lottery. Access to some of these funds, especially ERDF, is restricted to specific geographic areas. However, there is no doubt that the availability of such funding has enabled many redevelopment schemes to be implemented faster than would otherwise have been the case.

29. The development process can take place in a number of ways but these can broadly be covered under three types:

- Single locational opportunities
- Comprehensive and incremental – the ripple effect
- A Corridor of Opportunity

These can be illustrated by way of examples.

Single Locational Opportunities

30. Large or small, rural or urban, the intention is to secure value from the development of a single site or building.

Gloucester Docks

31. One of the most difficult sites with which BW has had to deal: 25 listed structures, covering 14 hectares of redundant docks in a conservation area where up until about ten years ago public access was prevented by dock police. Just to keep the buildings wind and weatherproof alone was in excess of £5 million. Working with the City Council a strategy was devised to turn the water space and dockland into a major tourist attraction. BW conveyed to the Council for £1 the North Warehouse with an obligation upon them to spend some £3 million in renovating it for the Council Offices. BW expended £3.5 million on converting Llanthony Warehouse into the National Waterways Museum Trust and regional offices.

32. Having 'book-ended' the site a development agreement was drawn with Pearce Developments. Further warehouses were converted into Council Offices and a shopping mall by Pearce and the Council. Other warehouses have subsequently been restored and occupied with new businesses. With about 50% of the docks now developed BW no longer has a liability but a location which attracts one million visits per annum, a waiting list for moorings and an income of £500,000 pa contributing both to the sustainability of the dock and the waterway. This was a development led project that brought about a re-use of the previously redundant dock areas.

Victoria Quays, Sheffield

33. As recently as 1993 Sheffield Basin, at the end of the Remainder Tinsley Canal, was a liability amounting to several million pounds for BW. But that year saw the signing of a development agreement with Sheffield Development Corporation. The Agreement was based upon a strategy that would take advantage of the waterside location to turn this not only into a new business centre but in particular a visitor destination. Tens of million of pounds of private investment and grants have been expended in restoring listed buildings for new office, residential and leisure uses. The canal, docks and

swing bridges have been renewed. New office buildings, a public house, four-star Hotel and a multi-storey car park have been provided. Three boating businesses have been established at Victoria Quays, Tinsley and Rotherham. BW's investment was just over £1 million in refurbishing the listed Straddle Warehouse for which it now has a newly classified cruising waterway, a destination point with modern moorings and facilities and an annual income of over £200,000. Without this seedcorn investment by BW and encouraging others nothing would have happened. A commitment to restore the waterway to Cruising status was a pre-requisite for investor confidence and preceded the property development. Regeneration of Sheffield Basin and restoration of the canal went hand-in-hand.

Startups Tea Rooms, Tring Reservoirs

34. A derelict cottage producing no income a couple of years ago gave BW the opportunity to invest £140,000 in conversion to a shop, tearooms and general provisioner. With attractive canalside cruising and walks, extensive rambling and angling around the reservoirs, this waterside location attracted tens of thousands of visitors every year and created the value and opportunity for this investment. Our visitors now have a managed car park and a place to refresh. BW now has an annual income of over £17,000 to go towards the waterway upkeep.

Comprehensive and Incremental

35. Some developments that start as a single location subsequently ripple out to become part of comprehensive regeneration e.g.: Gloucester, Sheffield. Some start life with the intention of growing and rippling down the waterway and into the hinterlands. Using the canal as a thread, pearls are continuously added to it until a fine and valuable necklace has been created. This is a relatively new phenomenon on the inland waterways and the point at which growth stops has yet to be determined.
36. This approach will lead to renewal of waterways over extensive lengths as investors demand a quality environment. It can also lead to management agreements with investors and local authorities whereby service charges are made towards the upkeep of the waterway e.g.: Sheffield Basin, or towpaths are maintained by others, as in Birmingham.
37. It is important, however, that the development drive does not become a victim of its own success by subsuming all that was inherently good in and around the waterway environment. Long lasting success and value will be more easily achieved if planned and progressed within "the context of strategical local development control".[12]
38. Good examples of this approach are found:

Birmingham Waterfront: In the mid to late 1980's the Gas Street Basin development was the first mixed-use development on the central waterside

converting a run down timber wharf into homes, offices, a Beefeater bar, hotel, night club and the James Brindley pub. This was followed by the International Conference Centre and National Indoor Arena development, the Hyatt Hotel and then the mixed-use development at Brindley Place/Symphony Court. Growth continues to ripple out along the central canal network and through the City. By 1996 the scheme had attracted over £300 million of investment. The initial stimulus to this development was £2.3 million of canal improvement works to provide an integrated footpath system, clean attractive water space and safe colourful moorings, and trip and restaurant boats for the many visitors. Of the development Councillor Stewart Lacey, Chair Planning Committee, Birmingham City Council says: "The Council decided to locate the International Convention Centre next to the canals to give a lift to the whole area and to use the canal to spread the benefit out to the surrounding derelict areas. This has worked exactly as planned and it is now a place to which people want to come". [5]

39. **Leeds Waterfront:** a strategy developed between the Development Corporation, the City Council and BW has opened up what had, until the late 1980's, been a property graveyard. As with Birmingham, a strategy was determined to use the waterspace as a place to live, work and play and this has, in less than ten years, led to hundreds of millions of pounds of private and public investment giving Leeds a new leisure and business centre. Waterside locations now attract premium rates and the mix of uses now extending into the City Centre is helping Leeds become a 24-hour City with many bars, restaurants, hotels, homes and offices in close proximity to the water. A key ingredient to this success was connecting the development opportunities with new waterside footpaths and roads and integrating these to the established City Centre. Ease of access is now guaranteed to destination points such as the Royal Armouries and Granary Wharf and new moorings at Clarence Dock and Granary Wharf.
40. This continues to be very much a development led scenario with individual developments providing the funds for waterway improvements e.g.: The Royal Armouries development funded the restoration of Clarence Dock and the Granary Wharf development provided new waterside walks and moorings. Having been directly involved in the development of Leeds Waterfront, Ian J Todd, Director, Allen Todd Architecture Ltd has said: "From an architects point of view people like being by the river. The first group of houses put on the market sold over a week-end. Mix is important – the riverside makes it happen. Asda, Yorkshire Water, leading accountants and solicitors have all taken space. The cleaning up of the waterway enabled people to see it in a different light".[5] Talking of the same development Sir John Harvey Jones remarked : "it has the best hotel and the best restaurant. It's just a miracle, there is no question that waterside locations offer enormous potential for regeneration."[5]

Corridors of Opportunity

41. The action plan [13] for the full restoration of the Forth & Clyde and Union Canals – the Millennium Link, describes the potential value as a "corridor of opportunity – for tourism, business sites, enterprise, regeneration and employment." This is different from the ripple approach in that it is not primarily development led. Instead it seeks to demonstrate the value of a full waterway restoration package – only one aspect of which is the added value to property, new development opportunities and the potential to 'ripple'. Increasingly other schemes such as this are being brought forward, e.g. Huddersfield Canal and Kennet & Avon Canal. These three restoration schemes are expected to attract over £600M of private sector investment, create over 6000 jobs during construction, and create or safeguard over 27,000 permanent jobs.
42. Impacts of large-scale restoration projects are more difficult to assess, since none of the larger schemes has been implemented yet and it is too early to assess the impact of recently completed smaller schemes such as the Ripon or Bridgewater and Taunton Canals. However, management and economic consultants have estimated that substantial benefits are likely to arise from property developments on restored waterways.

Negative Impact of property on canal users

43. The relationship between canals and surrounding property is two-way. The existence of the canal can enhance property values and the marketability of development schemes, through the attractiveness of the waterside environment and the creation of a leisure and tourism market for surrounding developments. Equally certain types of land use have a potential negative impact on visitors to canals. Again research [14] by Newcastle University provides evidence of this.
44. The value people place on visits to canals is likely to be diminished by negative features of the waterway environment, such as pollution, dumped rubbish, potential conflicts with other users and the presence of visually unattractive features, such as run-down derelict areas and poor design. The Newcastle University research investigated one of these effects: how the value of recreation may be diminished by the presence of service structures – high level electricity pylons, low level telegraph posts and wires, and pipe bridges.
45. The study looked at how different negative attributes of the canal environment affect the enjoyment of visitors. Of the attributes included, enjoyment was adversely affected to the greatest extent by the presence of litter, rubbish and graffiti. Power lines and other overhead cables had a moderately adverse effect, while the adverse effect of pipe bridges was somewhat lower (on a par with poor path surfaces). The factor causing the least detriment to enjoyment (perhaps surprisingly) was interaction with other waterway users.

46. The mean willingness to pay for a 1% reduction in the number of service crossings, expressed in terms of an annual additional payment on utility bills was:

Electricity pylons	£0.09
Other cable crossings (low level)	£0.10
Pipe bridges	£0.04

47. These figures can be grossed up using annual visitor figures for BW waterways. This gives the following estimate for the total value of reducing service crossings by 1% throughout Great Britain:

Electricity pylons	£290,601
Other cable crossings (low level)	£308,287
Pipe bridges	£147,587

48. It was estimated that the value of removing service crossings entirely is:

Electricity pylons	£14.5 million
Other cable crossings (low level)	£15.4 million
Pipe bridges	£ 7.4 million

49. This shows that canal users experience great disbenefit from the presence of service structures. Other negative features of the canal environment, such as the effects of industrial dereliction, would have similar impacts. Either people do not visit these particular canal side areas or, if they do, they express a willingness to pay to improve the area. A conclusion to be drawn from this study is that utility services should be planned for replacement underground, rather than overhead, such that waterway restoration and the waterside can maximise their recreational and property values.
50. The design of buildings and structures is an important consideration in enhancing peoples' enjoyment of the waterside environment. As part of the service structure research mentioned above, a contingent valuation technique was used to look at peoples' willingness to pay to preserve and maintain traditional road bridges across canals. (Contingent valuation is an environmental economics technique, which involves asking people how much they would be willing to pay for specified environmental goods and services).
51. The research [15] was based on a case study whereby there was a hypothetical proposal to replace an existing traditional canal bridge with a more modern design. It was found that most people interviewed preferred the traditional bridge design as opposed to the modern replacement. 58% of people said they would be willing to pay (through additional Council Tax) for the retention of the present bridge. When aggregated over the number of visitors during the year to canal, the minimum total annual willingness-to-pay to retain the existing bridge would be between £5,100 and £11,600 per year, dependent upon the assumptions made.
52. This is a minimum figure, since it is based on a valuation made by visitors to

the canal. Non- users may also value the existence of the bridge, which would be additional to this. Assuming a life of 20 years for the replacement bridge, the capital sums involved would be of the order of £100,000 to £230,000.

53. One could conclude from the study that there is conflict between recreational and property values since the developer will suffer increased costs leading to reduced profitability. However, if the developer is required to conserve the environment with improved design he may find the public's willingness to pay will lead to a higher sales return.
54. Whilst this academic research has confined itself to utilities' apparatus and bridges the nature of land use and development can in itself add to or detract from the value of the waterside to both those using the water and land. Surveyors are often quoted as saying the root of all value is location, location, location! Magical as it is, water is only one ingredient and in itself does not guarantee success. Unplanned, uncontrolled, poorly designed, ill-conceived, unmanaged and unmarketable property development will not attract the added value and, moreover, may be a poor substitute for greenfields or an historic urban environment. A trip down many canals will reveal numerous examples of development that have failed to identify the opportunity of a planned integration of water and land: houses turning their backs with fences and walls obstructing view and encouraging an unmanaged waterside; offices and industry shunning the opportunity to provide an attractive landscape to the waterway and making no attempt to provide waterside recreational space for their employees and visitors.
55. It is an absolute essential to the value of both water and land that the use of the water and the waterside spaces is considered from the very start of the development process and integrated throughout. They are going to be neighbours for a very long time: the art in adding value is to make them good neighbours. BW are at last being helped in this planning connection by becoming a statutory consultee.

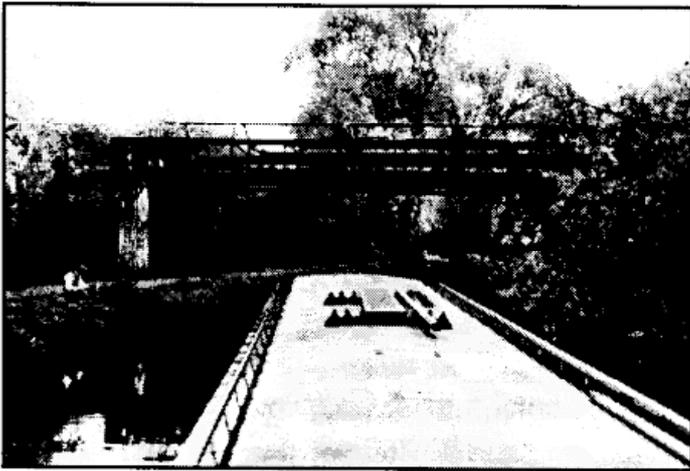
Other Waterside Property Value

56. There are an increasing number of other ways a restored waterway can provide value to property:
 - Notwithstanding the negative impact on the environment utilities have statutory powers to install their equipment on waterway property. There are tens of thousands of such uses with utilities such as BT, Transco, Electricity and water companies using BW property for the installation of their apparatus. Modern omnibus agreements ensure that BW not only recover losses and costs but receive considerable payments to enable waterways to make improvements to at least offset some of the negative impact.
 - There will be an increased use of the waterways as a regional/national grid to transfer water for navigation and companies.

- There are many more similar arrangements with private landowners and with the water companies for clean surface water drainage from developments into the waterways.
- The towpaths are now being used to carry the next generation super highway with fibre optic cables through a joint venture with Fibreway to produce long term income.
- BW sell surplus water for a whole variety of uses: irrigation, cooling and even drinking water supply with, for example, 20 million gallons of raw water a day being pumped to Bristol Waterworks to provide the City with over 30% of its supply.

Conclusion

57. Property investors create new "water features" in developments away from the canals. Why do they do that when they can have the real thing? People do not visit large expanses of unused water: what they want to see is colour, boats moving about, life, vitality and somewhere to spend their money. It is on this latter point that BW and its tenants are now closely focusing their attention: to maintain the infrastructure BW has to ensure that those places where visitors naturally congregate contribute to their upkeep and general expenditure. It is vital that the inland waterways network does not become a corridor of wall-to-wall houses but maintains a balance of high quality mixed use and working heritage.
58. Most new development now faces onto and integrates with the water space, no longer turning its back and using the waterway for refuse disposal. BW's integrated management ensures that this vital attitude is maintained by the private sector to avoid a reversion to the past.
59. New developments place new demands on the waterways, but bring with them new business and income. Income will increase, but should not be the sole criterion. Using the appropriate expertise, a balance between restoration, development, heritage and the natural environment must be drawn. Waterway development should bring together the community needs for recreation with an opportunity to experience and understand the historic waterway environment and open up new places for jobs and homes in a package that meets the aspirations of sustainability.



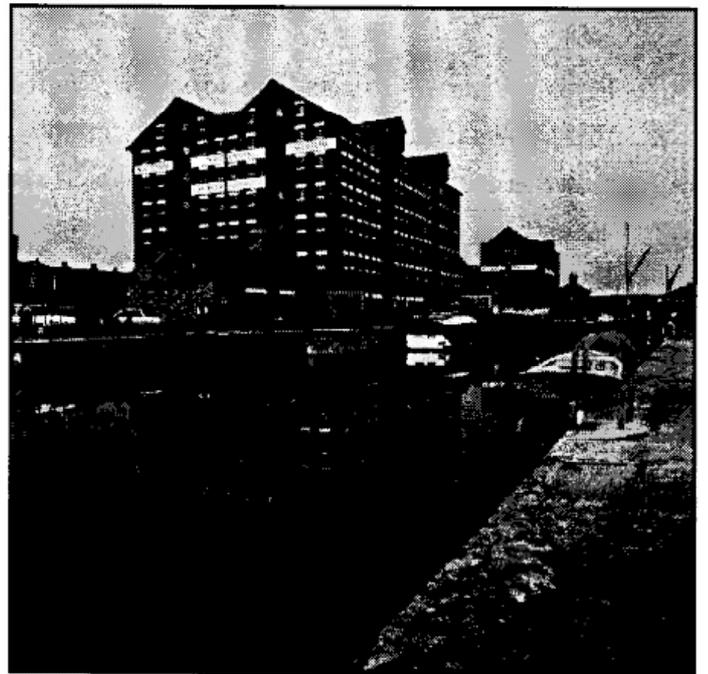
Utility apparatus depreciating waterway value



Paper Mill at Kings Langley, Herts, provides landscaped waterside walk and leisure area for employees



*Waterway Museum, Gloucester Docks
Catalyst to regeneration*

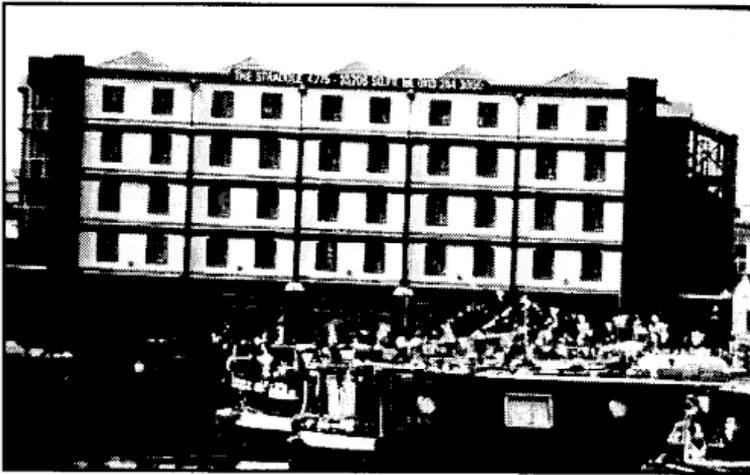


Previously contaminated site. Waterway Housing, Harefield, fully integrates waterspace takes full added value and provides new moorings



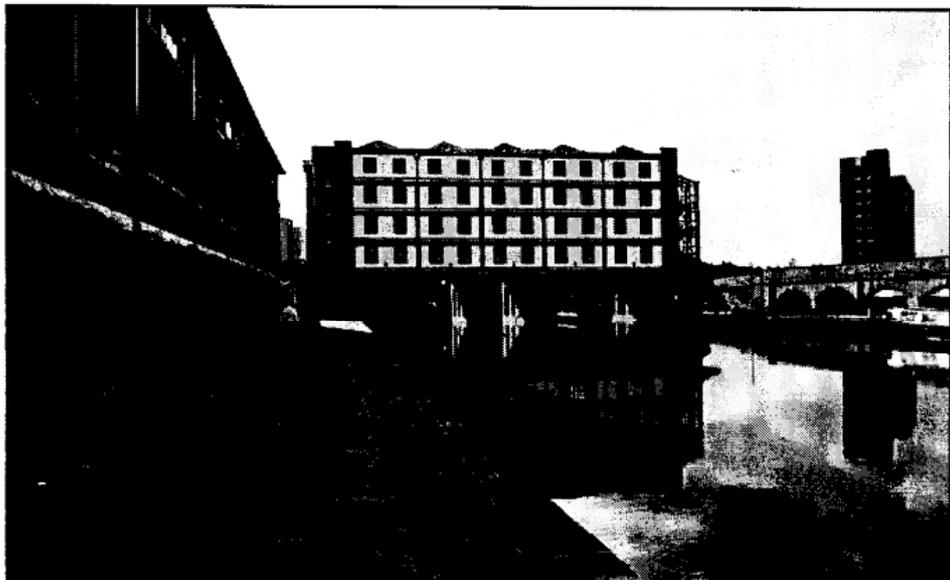
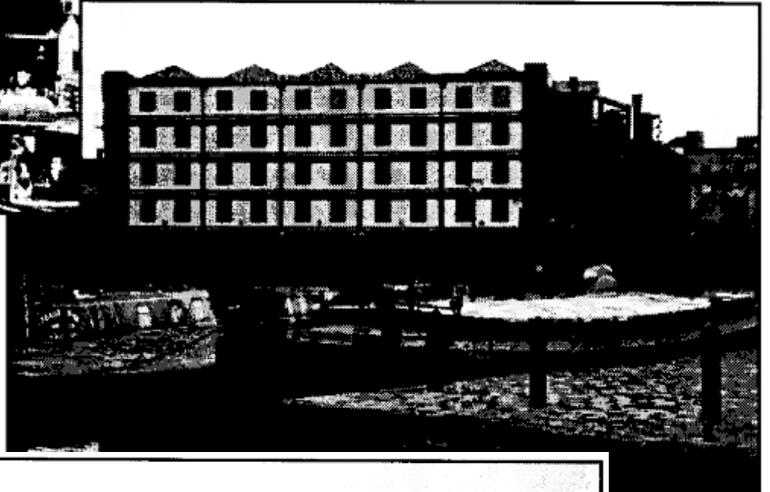
Wet Dock at Sheffield Basin restored at cost of development and with grant aid

Derelict Sheffield Basin prior to redevelopment



Straddle Warehouse restored and converted to office unit

Investment by BW and grant aid



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