



Can investments in planning deliver economic benefits to private citizens?

This briefing is based on a small-scale econometric study into the effects of investment in parkland in Dagenham, East London, on surrounding house prices. The findings are published in an RTPI working paper, and intended to stimulate further discussion and research of this type.

The research should be of relevance to anyone who is interested in the relationship between the quality of places and the economic outcomes for those places and the people who live in them, including policy- and decision-makers, planners, and academics.

About the research

The study seeks to isolate specific area-based attributes that affect house prices within a neighbourhood, and in doing to add to our understanding of the attributes of an area that individuals place economic value on. The study seeks to determine if this type of planning intervention to turn around a run-down area, an activity typically thought of as a social goal, can also be shown to have economic value.

Planning for 'good places', including the plentiful provision of high quality parks, might from a traditional economic viewpoint be seen as something which might deliver social value but is not economic significant. However, if good places are valued by individuals economically, not just because they are 'nice-to-have' but because they help them to achieve better economic outcomes or better manage some economic aspect of their lives, then this view is insufficient.

In this case, delivering good places via planning could instead be regarded as an economic imperative, and therefore would add to the case for investing more in better planning.

While there is some academic literature that analyses the impact of natural and environmental qualities on house prices, there is very little literature analysing the economic impact of specific interventions, achieved via positive planning, in terms of outcomes on house prices. The findings of this study could therefore have some important implications for the economic benefits of investing in planning and related place-based interventions.

There are of course many qualities and amenities relating to an area which will affect overall demand for housing in that location. This study looks at one type of amenity, that of managed green space or parkland, to see if there is a statistical relationship between planned investment in parkland and changes in house prices in the surrounding area. That is, do individuals place economic value on living near good quality parkland?

About the case study

Designed and developed by Arup, a global built environment consultancy, the regeneration of Beam Parklands public space in Dagenham, East London, used modern planning techniques such as high quality, environmentally sensitive design, community consultation and participation, and accessibility and connectivity with the wider community.

Before this intervention, the parklands were an undesirable area and part of a wider area suffering from deprivation and social problems. In 2013 the project received a RTPI Award for Planning Excellence, making this a good test case of a high quality planning intervention.



Main findings

This analysis identifies a statistically significant, positive impact for the Beam Parklands regeneration on local house prices.

Comparing house prices against a range of factors before and after the regeneration, the analysis finds that this investment in public realm has had positive effects on house prices within a certain distance, but is less important than other neighbourhood characteristics such as school quality and transport accessibility.

This is interesting and potentially important considering the limitations and complexities of this type of analysis.

For example, neighbourhood characteristics and their relative importance will vary between individuals. Some people, for example those with young families, may have a strong need for good quality local schooling. Others, such as the elderly or the young and single, may place a high priority on accessible transport links. Any single characteristic, including good quality parklands and other green infrastructure, will range in importance for different individuals. This makes it more difficult to determine the economic importance (or effect) of any single characteristic.

Further, it may well be that, given the particular social and economic challenges associated with East Dagenham and faced with more pressing needs to find and access jobs or locate good quality schooling, many individuals may reasonably place a low priority on public realm improvements. For the same reason, most people would be unlikely to move into the area on account of good quality parkland if it was deficient in many other amenities.

It would be interesting therefore to extend this research to a range of localities with differing economic and social profiles, to see to what extent what people value changes across these places.

It may also be that the size and quality of the planning intervention is important. Although the Beam Parklands regeneration is an award-winning scheme, in absolute terms it may not have a 'destination' appeal across the wider

area or region. Similar research focusing on a world-renowned parkland, Hampstead Heath for example, might produce significantly different results.

Despite these considerations, this analysis indicates that investment in good planning interventions can have positive economic impacts on house prices surrounding the investment. In other words, planning can lead to economic benefits for private citizens.

This in turn suggests a need to develop further our understanding of the relationship between planning and economic outcomes, including challenging the notion that planning is a constraint on economic growth and productivity.

If we want to create sustainable and inclusive long-term economic growth for our towns and cities, we need to ensure that the individuals that live and work in them are supported economically by the physical environments that enable them to be as productive and economically engaged as possible. This evidence, albeit small-scale, adds to the argument that positive and proactive planning as a means of developing good places deserves greater support and investment.

The full working paper is available on the RTPI website at: www.rtpi.org.uk/valueofplanning/

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