

KNOW WHAT'S COMING TO LONDON

MIND THE GAP

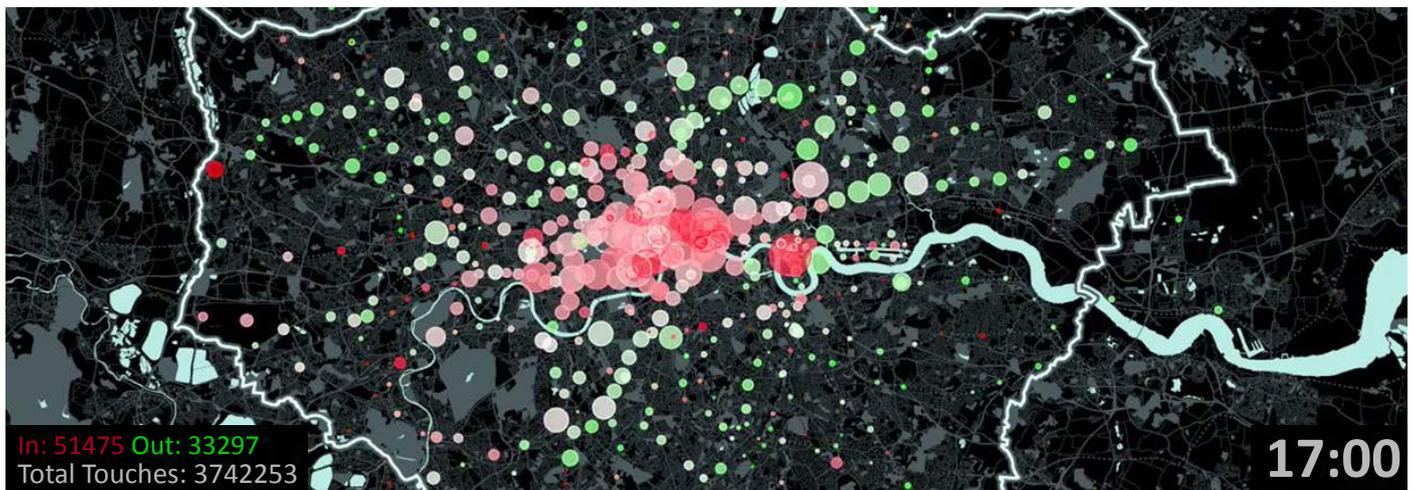
While industrial action continues to plague the launch of the Night Tube there is no doubt that its arrival is long overdue, with London's position as one of the leading capital cities in the world.

Its influence on London life cannot be underestimated. It affects everything from commerce and employment to property prices and our customers' ability to interact with the market – whether it be shopping, playing, working or simply experiencing the wealth of diversity our city has to offer.

WHO USES THE TUBE?

The tube, with its 152-year history, is the internal life blood of London, connecting 8 million residents to the collection of villages that make up our capital.

Nearly 3.5 million passengers use the service on a daily basis with over 750 thousand workers travelling from outside the existing reaches of the network. Commuters travel from as far afield as the Scottish borders using the tube as part of their journey to work in the capital.



Sources: CACI; Oliver O'Brien CDRC UCL; Transport for London; Ordnance Survey; OpenStreetMap.

Map illustrates the number of people touching in (red) and out (green) of the tube network. Given time of day there is a high concentration of workers touching in at a central tube station.

THE NIGHT TUBE - WHAT'S ALL THE HYPE ABOUT?

A study commissioned by Transport for London (Volterra, September 2014) justified the investment in the Night Tube by highlighting the macro-economic benefits to the capital, and no doubt this will be significant. However, for all the fanfare about supporting the capital and its night-time economy, have Transport for London:

1. Identified the right lines and stations for the capital's Night Tube?
2. Considered the true impact for night-time workers?
3. Identified the benefits for licenced multiple retailers?

In advance of the launch, using our unique market data and models, CACI has gone beyond simply looking at passenger numbers and the broad economic factors and analysed the London infrastructure, employment travel patterns and the night-time economic market potential for licenced multiple retailers.

One of the key conclusions from the report released by TFL was the overall benefit to the night-time economy and the creation of extra jobs. The report identified that 1,700 permanent jobs will be created as an indirect result of the Night Tube and further references the improved commuting for night-time workers, which will certainly be one of the key benefits. However, the report fails to acknowledge that the majority of night-time economy workers are typically service sector workers – bar staff, waiters, cleaners and hotel staff – with the majority earning a wage that is below the national average.

The issue of unaffordable housing in London and surrounding areas is ever prevalent. Even with the introduction of the national living wage this year, service sector workers are still likely to struggle to afford to live a commutable distance to London in order to take advantage of these new job vacancies. CACI research shows that even stations as far out as Zone 4 and beyond, which will form part of the Night Tube scheme, see an average property price of £347,000 within a 15-minute drive from each station.

The national living wage itself will also present its challenges to operators in the night-time economy. Its introduction will raise costs, which could see a potential for job losses and the possibility of a rise in zero-hour contracts to support the extended opening hours. The night-time economy needs workers to service its late-night revellers, but one would question the claims of the advantages of 'job creation' and 'commuting advantages' when it's obvious that such challenges still exist and need to be addressed.

WHICH TUBE STATIONS MAKE THE CUT? AND ARE THEY THE RIGHT ONES?

Using a range of unique CACI data and models on the night-time economy CACI have identified which tube stations have the highest night-time potential and those which have high potential that have failed to make the cut.

To give relativity to their position in the London tube ranking of night-time potential the score has been compared to the average for tube stations within the night-time economic hub of central London – Zones 1 to 2.

Station Name	Night Tube Line			Night Time Economy Potential (Shown as multiples above Zone 1 & 2 average)
Leicester Square	Piccadilly	Northern		11.5
Piccadilly Circus	Piccadilly			10.9
Tottenham Court Road	Central			3.3
Liverpool Street	Central			3.3
Bank & Monument	Central			3.3
Oxford Circus	Central	Victoria		3.3
Covent Garden	Piccadilly			3.3
London Bridge	Jubilee			2.6
Victoria	Victoria			2.6
Bond Street	Central	Jubilee		2.3
Green Park	Piccadilly	Victoria	Jubilee	2.3
Holborn	Central	Piccadilly		2.1
Charing Cross	Northern			2
King's Cross St. Pancras	Piccadilly			2
Goode Street	Northern			2

Unsurprisingly, at the heart of the West End night-time economy, the trio of stations Leicester Square, Piccadilly Circus and Tottenham Court Road fall in the podium spots. With Leicester Square alone showing that it has 11.5 times the night-time potential compared to an average tube station, it's easy to see why it has made the cut and confirms the popularity of this famous area.

Liverpool St comes in at four, showing its potential as 3.3 times the average, with Bank and Monument behind, supporting the fact that the potential is there for these areas to develop a more night-time focused offer to meet the needs of the existing City Sophisticate workers and residents.

Oxford Circus and Covent Garden come next, completing the collection of major West End night-time tube stations.

London Bridge, with its thriving pub and restaurant scene, sits at eight in our ranking, with Victoria following close behind, having at present little more to offer than a transient after-work drinking location.

Down near the bottom of the leader board are Bond Street and Green Park which serve the Mayfair night-time area from north to south, with Green Park being an important interchange for the night-time tube. Recent changes and growth at Kings Cross makes its night potential much greater than in the past.

When we compare this to the highest stations in our ranking not currently assigned Night Tube status, we can see that a majority fall within the City of London, traditionally a working week economy.

Farringdon, with Crossrail to come, has a vibrant worker night-time economy making Shoreditch and Old Street stations perhaps the most surprising omissions, with Old Street serving as the gateway to Shoreditch and Brick Lane.

However, we would expect, with continued development in East London and the growth of the Friday and Saturday night-time trade reported by operators, that these will be earmarked for the future once the Night Tube kicks off and goes on to support the night-time economic opportunities CACI have identified for these City locations.

Station Name	Night Time Economy Potential (Shown as multiples above Zone 1 & 2 average)
Farringdon	2.5
Aldgate	2.5
Barbican	1.9
Old Street	3.3
Tower Hill	1.8
Shoreditch High Street	1.6
Moorgate	1.5
Temple	1.5
Heron Quays	1.5
West India Quay	1.4
Euston Square	1.3
Blackfriars	1.3
Paddington	1.2
Poplar	1.2
Mansion House	1.2

WEEKEND TRADE

While the growth of weekend trade will be substantial and varied, both by late-night sector and location, perhaps the easiest way to demonstrate this is by using the humble pint!

The average pint in London now stands at £3.92, the most expensive in the country. If you were to calculate the impact of all our late-night revellers, who are currently leaving on the last tube, buying just one extra pint this would equate to a massive £71 million pounds worth of additional expenditure for the London late-night weekend economy.

While a pint may not be your choice of tipple one can see that whether it's that extra coffee, additional night cap, new job or extended performance in the theatre, the economic potential is huge for the London market. When Night Tube does arrive we will see great opportunity as well as challenges to food and beverage operators in the market. If you are lucky enough to be in a Night Tube hotspot, the questions you will be asking are: Can you afford not to be open? Or are the costs too high to be open for the financial returns? Will it open up a realm of opportunity for new locations to become the place to be seen in the capital after dark? Time will tell... watch this space and mind the gap!

Volterra Partners. (September 2014). TfL 90993 - *Impact of the Night Tube on London's Night Time Economy*. Retrieved from: <http://content.tfl.gov.uk/night-time-economy.pdf>



NIELSEN HARRAP
CONSULTING PARTNER, LEISURE & MEDIA
 T: +44 (0)20 7605 6023
 E: NHARRAP@CACI.CO.UK