BUSINESS LDN

In partnership with Quod

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OPPORTUNITY AREAS: DELIVERING HOMES AND JOBS IN LONDON

Introduction

1. The Greater London Authority (GLA) will shortly publish a new draft London Plan, the city's strategic planning framework, for public consultation. The Plan was last updated in 2021, and this refresh comes at a critical juncture for housing delivery and economic growth in the capital.

2. Housing starts in London are at an all-time low in recent history, yet housing need remains high, and the Plan's housebuilding target is set to increase to 88,000 homes a year. Likewise, economic growth in the capital remains sluggish, but the country requires a strong London to help generate investment in the nation's public services. Historically, the London Plan has sought to channel both housing and economic growth through designated Opportunity Areas (OAs), locations identified as having significant capacity for new homes and jobs. The extent to which this mechanism has delivered positive outcomes, however, remains an open question.

3. The new London Plan provides an opportunity to review OA policies to ensure that the designation is aligned with London's increased housing targets, infrastructure priorities, and delivery realities. The GLA had signalled its intention to review OAs in its May 2025 consultation document, *Towards a New London Plan*, highlighting the potential to update their remit and purpose.[1]

4. This report by BusinessLDN and Quod provides insights into how OA policy in the London Plan should evolve. These insights are supported by data analysis undertaken by Quod on the performance of each OA since designation and findings from workshops with BusinessLDN members active in OAs.

5. First, the report provides an overview of OA policy, tracing its evolution from inception to its current form. The OAs are then grouped to assess performance through the lenses of housing and employment delivery.[2] Finally, recommendations set out how OA policy in the new London Plan can be refined and strengthened to meet London's housing and economic ambitions.

Opportunity Areas Policy

Background

6. OAs have been a core part of the London Plan since its first adoption in 2004. They were identified because, as the Plan states, *"…they are capable of accommodating substantial new jobs or homes and their potential should be maximised. Typically, each can accommodate at least 5,000 jobs or 2,500 homes or a mix of the two"* (Paragraph 2.8). These criteria remain in the current London Plan (Policy SD1, B10).

[1] GLA, Towards a New London Plan, (2025).

[2] All delivery pipeline statistics are drawn from Quod analysis of Molior data as of May 2025 and are supplemented by data from the GLA's London Datastore – see *Opportunity Area Pen Portraits*, (2025).

7. The 2004 London Plan included 28 OAs, intended to be further defined through Local Plans and sub-regional development frameworks, alongside a further 14 Areas for Intensification. Many of these Areas for Intensification have subsequently become OAs, reflecting their significant growth potential. Collectively, the 2004 Plan identified indicative capacity within OAs for 388,100 jobs and 79,580 homes between 2001 and 2016, representing around 60% of projected employment growth and 18% of projected housing growth over the 15 year period.

8. The 2021 London Plan now includes 48 OAs, with indicative capacity for 471,600 homes and 670,000 jobs to 2041. The Plan's 10 year housing target is 522,870. Extending this to a 20-year horizon, to align with the OA targets, would give 1.04 million homes, meaning OA capacity accounts for roughly 45% of total projected housing. Similarly, with projected job growth of 48,000 per year, OAs could accommodate just under 70% of total employment growth over 20 years.[3]

Policy development

9. The 2004 OA policy was succinct, consisting of a short paragraph with three bullet points, aiming to maximise the potential of OAs by seeking to *"[e]xceed the minimum guidelines for housing and have regard to indicative estimates for employment"*. The current policy is much longer, with two parts and 19 sub-clauses. These can be grouped under four main headings:

    - Requirements for more planning: planning frameworks, local plans, and stakeholder engagement;
    - Investment co-ordination by the GLA with partners, particularly on transport;
    - Policy cross-references to other parts of the Plan (heritage, housing, regeneration, and social infrastructure), but with limited direction on their application to maximise delivery beyond affordable housing; and
    - Monitoring and implementation.

10. Importantly, the 2004 wording to exceed minimum guidelines was replaced in 2021 by a requirement for authorities to test capacities through a site-specific assessment process.

11. Other London Plan policies, particularly Chapter 3 (Design) and Chapter 7 (Heritage and Culture), continue to aim for optimisation of capacity but can also constrain development, including the development of tall buildings, directly or through associated guidance.

12. In some OAs, the Mayor, working with local authorities and other stakeholders, has prepared Opportunity Area Planning Frameworks (OAPFs) to provide more detailed guidance on how growth should be delivered. While some OAPFs provide the bespoke clarity needed to unlock development, others can inadvertently constrain capacity through additional policy requirements and development expectations.

[3] GLA Economics, London Labour Market Projections, (2026).

13. There have been different approaches to OAPFs over time. Earlier examples were more locally driven and bespoke in nature: for instance, Southwark evolved its existing Area Action Plan approach for the Old Kent Road Opportunity Area, while the Vauxhall, Nine Elms and Battersea Opportunity Area was underpinned by an innovative Tax Increment Financing model to help fund the Northern Line Extension.

14. From around the 2011 London Plan, and more markedly following the 2016 London Plan, there was a gradual shift towards greater GLA involvement in preparing OAPFs. As a result, later frameworks became more standardised and more closely aligned with strategic London-wide growth objectives, translating London Plan policy into more consistent local guidance. While this has improved coherence and consistency across OAs, it has also reduced the scope for highly tailored, place-specific approaches.

Analysis: Homes

15. The new London Plan target of 88,000 net additional homes per year, up from the 2021 Plan's 52,000 homes, underlines the importance of not only optimising the number of homes built in OAs but also the speed at which they are delivered.[4]

16. OAs have accommodated 227,618 homes since their designation, as shown in Figure 1. However, Figure 2 suggests that the capacity of many OAs is becoming increasingly constrained. Nearly a third have little or no remaining capacity beyond homes that are already built, under construction, consented, or in the planning system, meaning that delivery in these locations is approaching the limits assumed in the 2021 London Plan. Only three OAs continue to show substantial remaining capacity of more than 10,000 homes: Olympic Legacy, London Riverside, and Old Oak and Park Royal.

[4] Note: The 88,000 homes per year figure is based on the London-wide housing need calculated using the Government's standard method for assessing housing need, as set out in the National Planning Policy Framework and associated guidance. It draws on the evidence base prepared ahead of the London Plan and therefore reflects an established strategic requirement rather than a figure determined after plan publication.

Figure 1: Total homes built in each Opportunity Area since their designation

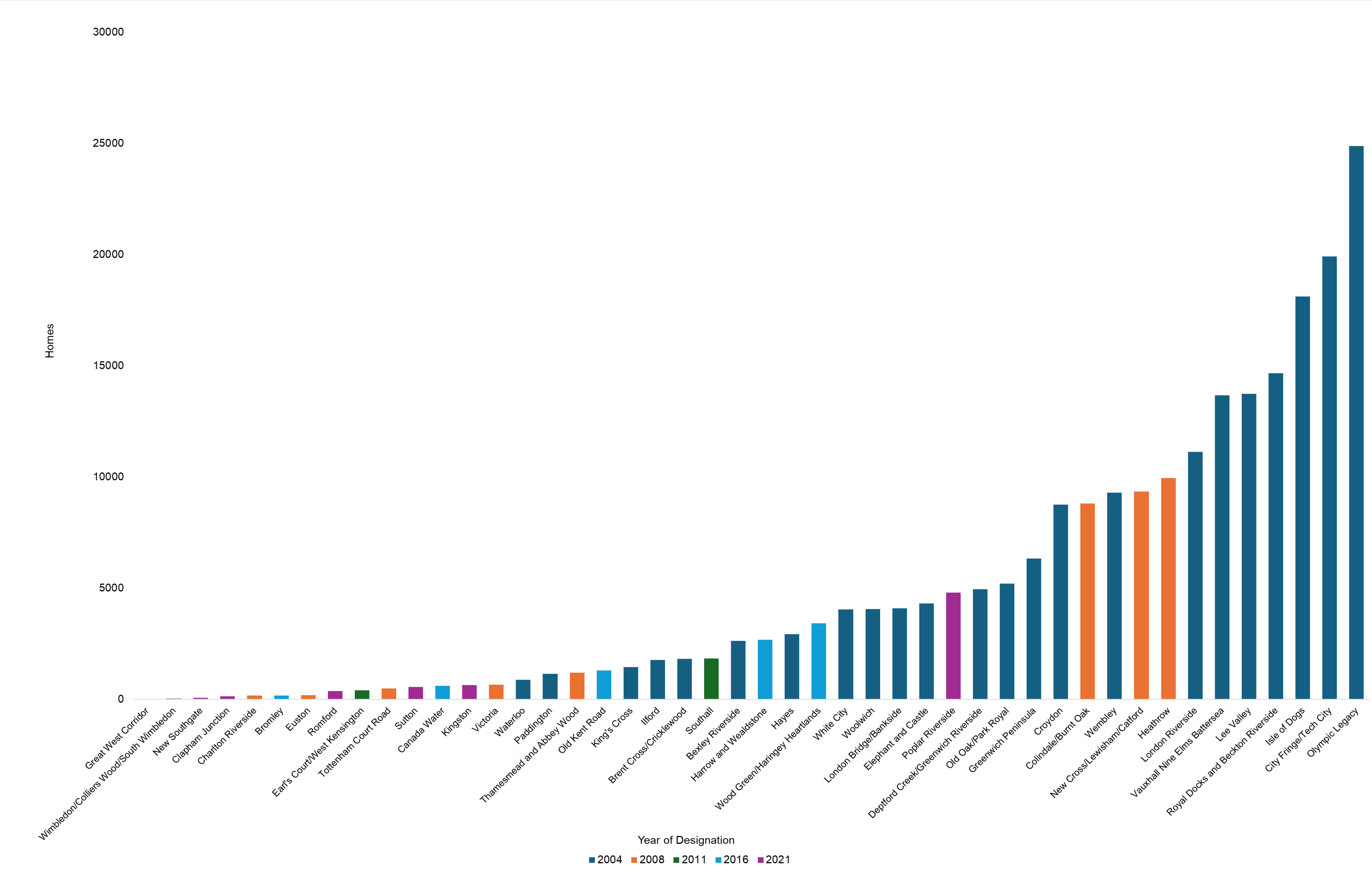
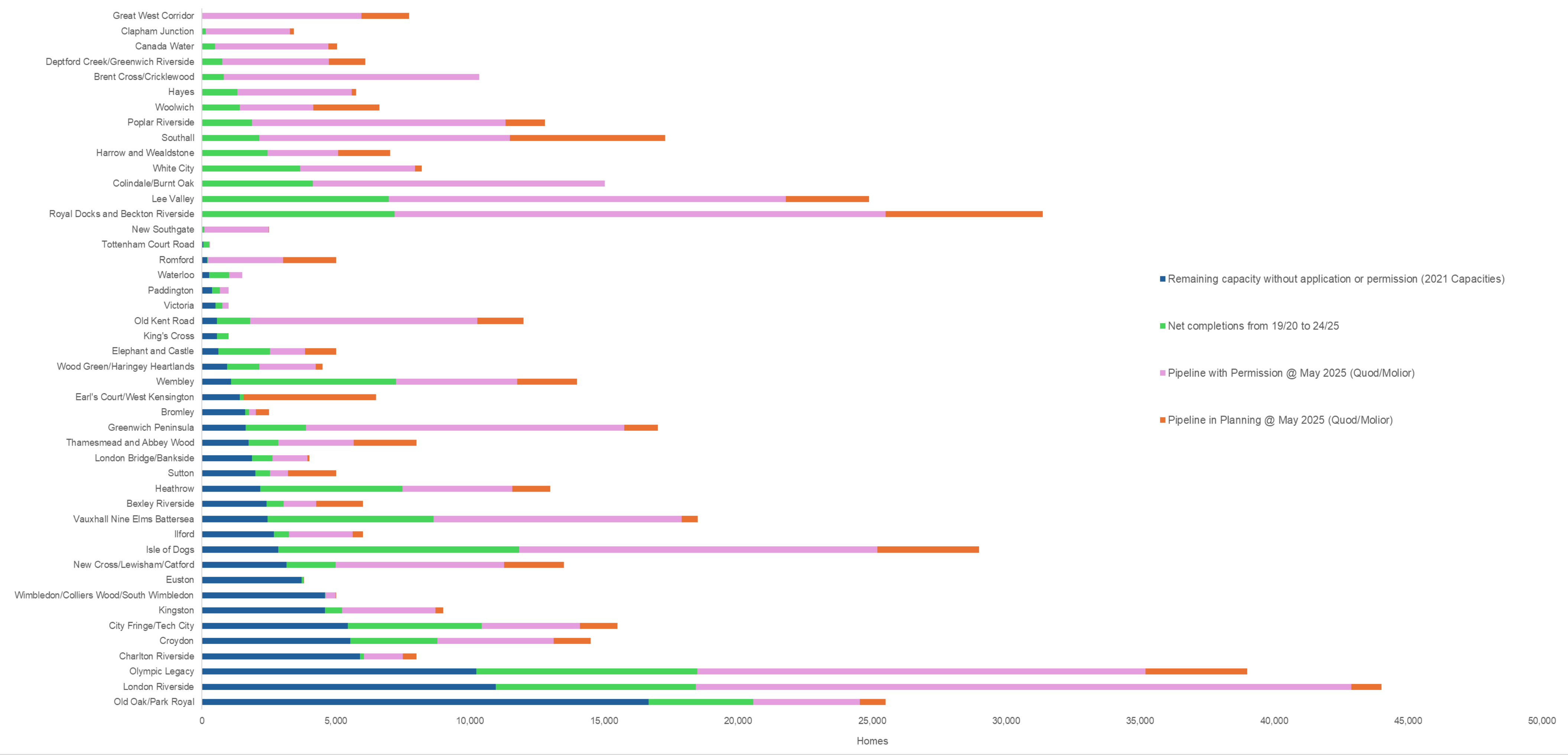


Figure 2: Progress against London Plan capacity: Completions, pipeline and remaining capacity by Opportunity Area



17. The 2021 London Plan identifies a total indicative capacity of 471,600 homes across OAs between 2019 and 2041. During the period 2019/20 to 2024/25, 103,184 homes have been delivered, leaving remaining capacity for 368,416 homes as of 2025.

18. Of this remaining capacity:
    A. 62,604 homes are in planning (52% with resolution to grant);
    B. 25,435 homes were granted permission in the last year and are expected to start shortly;
    C. 52,930 homes are currently under construction;
    D. 88,838 homes are on sites where development has commenced, but delivery has stalled, paused between phases, or is awaiting future phases; and
    E. 71,085 homes are on consented sites where construction has not yet started, and delivery may be at risk.[5]

19. The current housing pipeline (homes with planning permission or resolution to grant permission) is estimated to exceed the 2021 London Plan assumptions by 34,577 homes. However, a further 102,101 homes identified within OAs are not yet reflected in the pipeline and therefore have no defined route to delivery under current assumptions.

20. Any reform of OA policy aimed at boosting short-term delivery should focus on accelerating construction of sites that sit in categories D and E, enabling delivery of the 102,101 homes that are identified in OAs but do not yet have a clear route to being built.

21. Since their designation, OAs have accounted for around a third of London's net additional dwellings since 2004. This is likely to understate their contribution, as significant levels of development in these locations also took place before formal designation.

22. Over the last five years, average delivery in OAs was 16,228 homes per year. The next London Plan will need to provide for 88,000 net additional homes per annum. If OAs were to maintain 33% of this total, their output would need to nearly double to 29,917 homes per year. Currently, 67% of homes in the consented schemes in London (around 301,000 homes) are located in OAs.

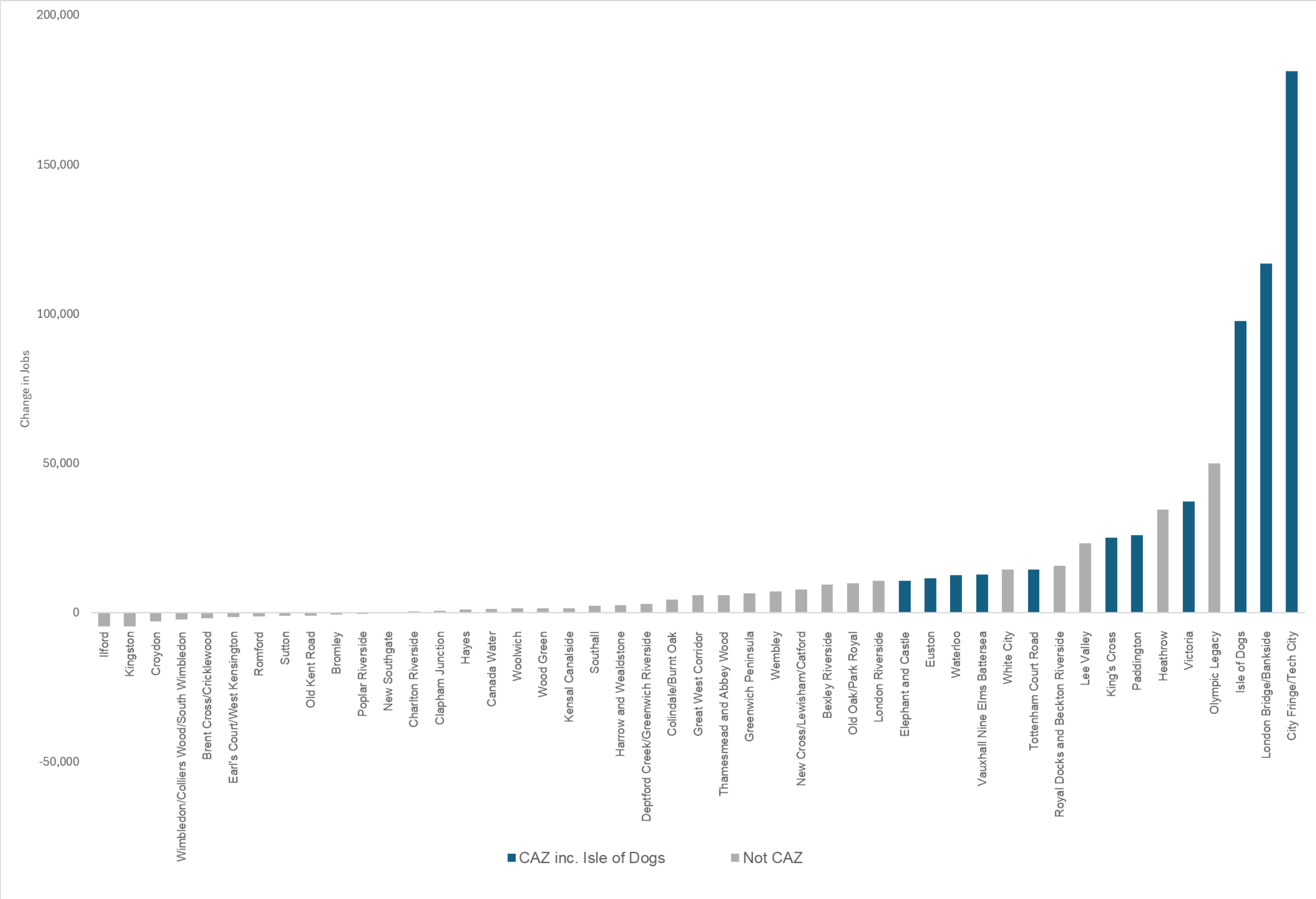
Analysis: Jobs

23. Between 2021 and 2031, the GLA forecasts that employment in London will grow by 717,000 jobs, with a further 242,000 jobs projected for the following decade.[6] Delivering sufficient new employment floorspace is essential to accommodating this growth, which is of regional, national, and global significance. OAs have already accommodated 743,020 new jobs since their designation, underlining their crucial role in meeting the capital's future employment needs.

[5] Quod analysis of Molior data at May 2025.
[6] GLA Economics, London Labour Market Projections, (2026).

24. As shown in Figure 3, eleven of the sixteen top-growing OAs for jobs are located within the Central Activities Zone (CAZ). This reflects the benefits of agglomeration, where companies and workers gain productivity advantages from being clustered closely together, as well as the attractiveness of highly accessible locations. These benefits outweigh the higher costs of delivering employment floorspace in Central London, including higher land values, build costs, and Mayoral Community Infrastructure Levy rates.

Figure 3: Jobs added in each Opportunity Area since its designation



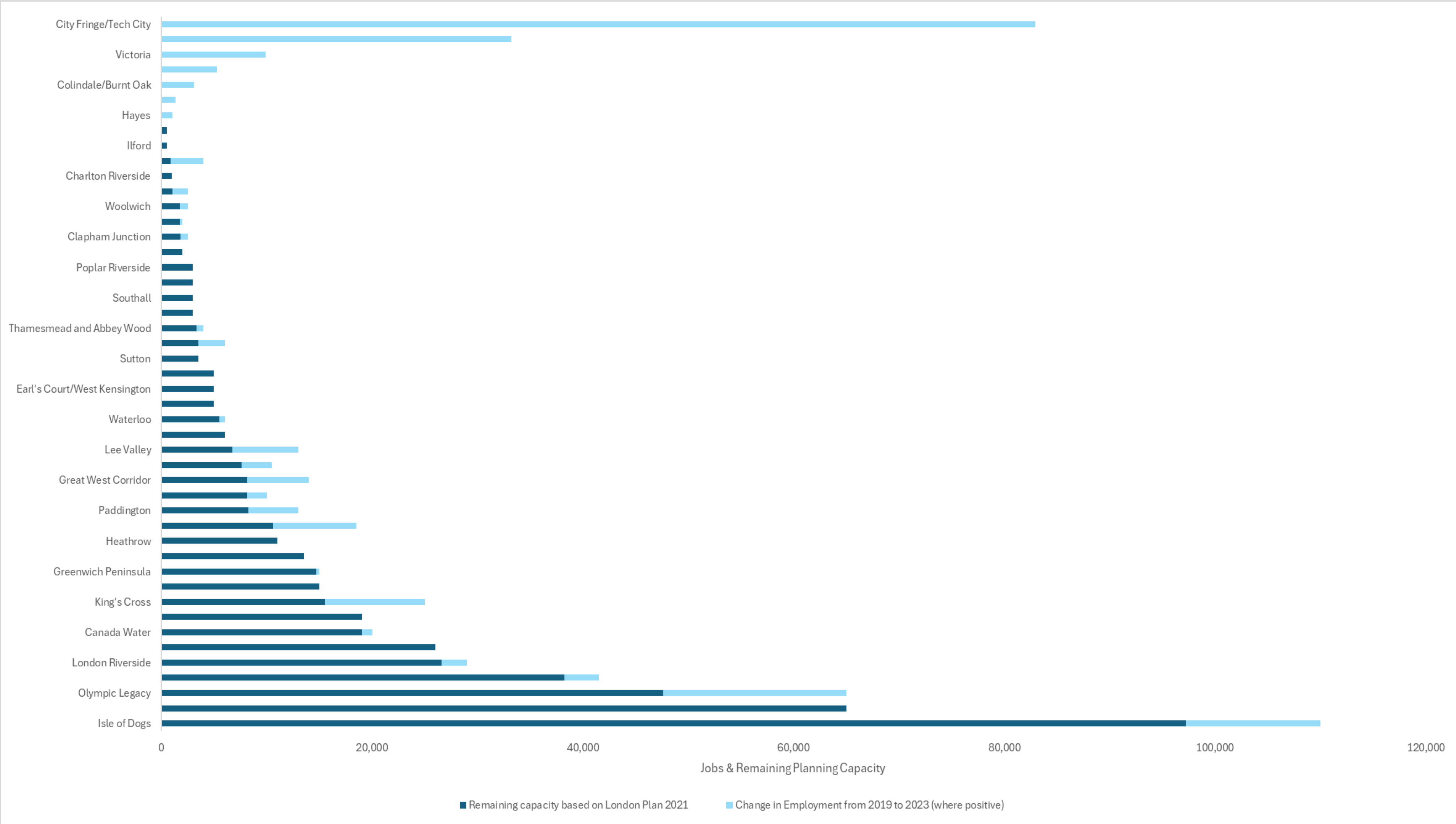
25. The five non-CAZ OAs in the top 16 for job growth have experienced strong rises in employment due to significant investment (Olympic Legacy, White City), proximity to major transport hubs or airports (Heathrow, Royal Docks, Beckton Riverside), and/or their large geographic size (Lee Valley, Olympic Legacy, Heathrow, Royal Docks, Beckton Riverside).

26. In contrast, over 10 OAs have seen a reduction in jobs since their designation, including Ilford, Kingston, Croydon, Wimbledon, Brent Cross, Earls Court, Romford, Sutton, Old Kent Road, and Bromley, with others such as Poplar Riverside showing only limited employment growth to date. This likely reflects the continued concentration of office demand within Central London and established commercial locations, alongside the ongoing loss or displacement of traditional employment uses such as industrial, light industrial, and local service activities as sites are redeveloped. As a result, in some areas, the intended balance between homes and jobs may need to be reconsidered, particularly where structural market trends have limited the ability to achieve significant employment growth despite policy aspirations.

27. Compared with the 2021 London Plan employment assumptions, seven OAs have reached or exceeded their identified job targets. In the remaining OAs, there is still significant headroom, with the Olympic Legacy, Old Oak and Park Royal, and Isle of Dogs alone accounting for over 40,000 additional potential jobs.

28. Across all OAs, the remaining jobs provision totals around 518,000 jobs, equivalent to about 72% of the London Plan's projected employment growth for 2021–2031. This is mainly outside Central London, with relatively little in the North London arc, including the City of London. Taken together with lower growth expected in 2031–2041, this suggests that OAs and the wider city are broadly sufficient to accommodate the capital's long-term jobs growth.

Figure 4: Remaining employment to be delivered to reach 2021 London Plan capacity



Strategic priorities for Opportunity Areas going forward

29. OAs are the designated priority locations to house London's growth ambitions, but to fully deliver their role, they must evolve to reflect current market conditions and challenges. To maximise the contribution of OAs to housing and jobs, the next London Plan's OA policy should focus on the following areas.

    Accelerated Delivery: The current short-term supply of housing sites in the capital amounts to around 300,000 homes, with 67% located in OAs. Policy should:

    - speed up delivery on stalled or partially built sites, bring forward sites not yet started and unlock remaining homes not yet in the pipeline.

    Jobs: OAs are key to London's growth but need to reflect market reality. Policy should:

    - distinguish between job-focused and housing-focused OAs and amend policies to accelerate delivery in both; and
    - set more realistic job targets in Outer London OAs that reflect where the market has moved.

    Infrastructure: Infrastructure should better match the scale and type of growth in each OA. Policy should:

    - distinguish between areas needing major new infrastructure and those already well served; and
    - use joint funding approaches where appropriate, including developer contributions and forward funding; for example, Tax Increment Financing helped deliver the Northern Line Extension to Battersea by using future business rate growth.

    Simplification and policy alignment: OA policy and supporting frameworks should be clearer and less complex. Policy should:

    - simplify OA policies and frameworks so that they are clearer and better support growth, reinstating the ambition to exceed minimum targets, while also ensuring other policies (such as heritage, design, and views) do not unnecessarily constrain development;
    - reduce the number of OAs and focus them more clearly on delivery, in line with the recommendations in *Towards a New London Plan*, including reviewing the overlap between OAs and major town centres to ensure policies are aligned and do not duplicate one another; and
    - review planning obligations that impact viability and create additional hurdles for delivery.

    Delivery interventions: A more proactive approach is needed to speed up delivery. Policy should:

    - Take a more proactive approach to unlocking delivery in OAs by directing Mayoral powers and investment towards areas identified as critical to London's growth. This should include making greater use of planning, land, infrastructure, and transport interventions where appropriate, including Mayoral Development

Orders, Mayoral Development Corporations, compulsory purchase powers, targeted infrastructure funding, and transport investment to accelerate delivery and overcome barriers to development.

BUSINESS LDN

Our mission

AT BUSINESSLDN, OUR MISSION IS TO MAKE LONDON THE BEST CITY IN THE WORLD IN WHICH TO DO BUSINESS, WORKING WITH AND FOR THE WHOLE UK.

We work to deliver the bigger picture, campaigning to tackle today's challenges and to secure the future promise of London.

We harness the power of our members, from sectors that span the economy, to shape the future of the capital so Londoners thrive and businesses prosper. We support business to succeed—locally, nationally, globally. We link up with other cities around the UK, to ensure the capital supports a thriving country.

We campaigned for the creation of the office of London Mayor and Transport for London, for the Elizabeth Line, for congestion charging, and we incubated Teach First.

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