Lambert Smith Hampton

SITES, CAMERA, ACTION!

THE UK FILM & TV STUDIO PROPERTY MARKET 2018

UK FEATURE FILM PRODUCTION SPEND REACHED A RECORD £1.9 BILLION IN 2017.

FILM-RELATED INDUSTRIES CONTRIBUTED £13.2 BILLION TO THE UK ECONOMY.

UP TO 1.9 MILLION SQ FT OF NEW FILM STUDIO SPACE IS REQUIRED IN THE UK.

WELCOME TO
SITES, CAMERA, ACTION!

CHRISTOPHER BERRY
Head of Media
Lambert Smith Hampton

Lambert Smith Hampton has seen unprecedented levels of client interest in film and TV studios in recent times.

The UK is a global hotbed for the production of film and TV dramas, particularly within the South East of England. Demand for studio space outstrips supply and there is a clear need for new purpose-built film studios capable of hosting big budget productions.

This imbalance between demand and supply is not unique to the UK. There is a global shortage of studio space in the face of a boom in the volume of film and TV content being produced worldwide. It is important that the UK continues to capture international demand.

Film and TV studios have not traditionally been a focus for mainstream property developers and investors, and the sector has several idiosyncrasies that may make it challenging for new entrants.

However, we believe that there are significant opportunities on offer to those able to gain a detailed understanding of the market. The recent strength of interest in the planned new studio complex in Dagenham is testament to the appetite for development in the sector.

Our report is designed as an introduction to this exciting sector. We hope that you find it interesting, and we would be very happy to discuss any of the topics covered in the report with you.

MADE IN THE UK

The British film and television industry is booming. The UK's current supply of film and TV studios is struggling to accommodate a surge in demand from a proliferation of media companies producing new content. This is creating opportunities for development and investment in a sector which has previously been overlooked by much of the UK property industry.

INWARD INVESTMENT SURGES

According to the British Film Institute (BFI), feature film production spend in the UK reached an all-time high of £1.9 billion in 2017. This figure has increased by 125% over the course of the last decade, driven primarily by inward investment from the major US studios. Inward investment productions accounted for a record 89% of the total spend in 2017.

Films that contributed to the record results included blockbusters such as *Avengers: Infinity War*, *Mary Poppins Returns* and *Fantastic Beasts: The Crimes of Grindelwald*. Production spend in 2018 will be boosted by *Star Wars: Episode IX*, which will be filmed principally at Pinewood Studios.

Disney has an aggressive release schedule for future *Star Wars* films, which will bring ongoing investment into the UK film industry.

The boom is not restricted to feature films. High-end TV (HETV), which includes productions costing more than £1 million per episode, has seen similarly impressive growth. BFI figures show that the total UK production spend on HETV was £938 million in 2017, which is the highest annual figure since HETV became eligible for tax relief in 2013. As with the film sector, growth has primarily come through external sources, with inward investment representing 73% of the total HETV spend. Among the titles that started filming in 2017 were *Game of Thrones* (series 8), *Doctor Who* (series 11) and *Vanity Fair*.

5-YEAR GROWTH INDICATORS (2012-17)

20%
Increase in film & TV industry employment

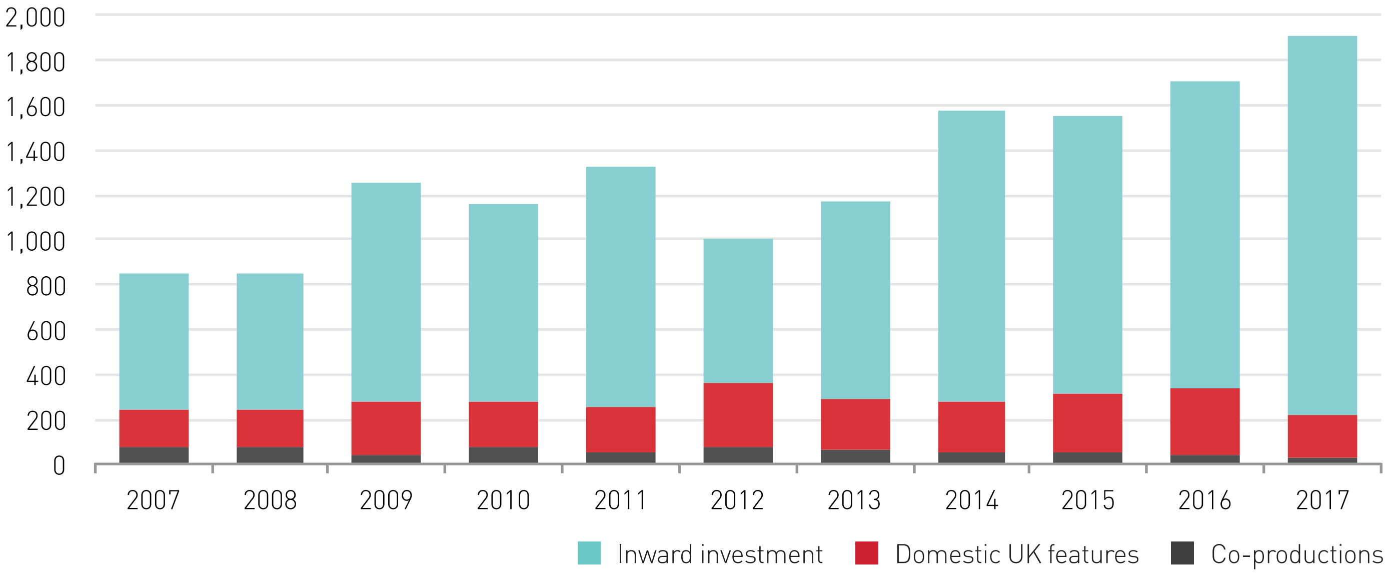
88%
Increase in economic output of the UK film industry

89%
Increase in UK feature film production spend

162%
Increase in inward investment into UK feature film production

Source: Office for National Statistics/BFI Research and Statistics Unit

UK FEATURE FILM PRODUCTION SPEND (£ million)



Source: BFI Research and Statistics Unit
UK spend on features produced in the UK. Films are allocated to the calendar year in which principal photography started

THE CONTENT REVOLUTION

Recent years have seen an explosion of new television content being produced globally, driven by competing online services such as Netflix, Amazon Prime Video and Hulu. In the US, a total of 487 scripted original series were aired in 2017, a figure which has more than doubled since 2010. Streaming services have invested heavily in the production of large volumes of high quality original TV content in order to attract subscribers and gain early mover advantage in a rapidly developing marketplace.

Netflix has quickly established itself as an industry behemoth, with 130 million global subscribers and budget of $8 billion to spend on original content in 2018. Netflix shows that are either filmed or part-filmed in the UK include *Black Mirror* and *The Crown*; the latter being one of the most expensive TV shows ever made, with a rumoured budget of $13 million per episode. Amazon Prime Video has an estimated original content budget of $4.5 billion and its most watched show, *The Grand Tour*, is produced in the UK.

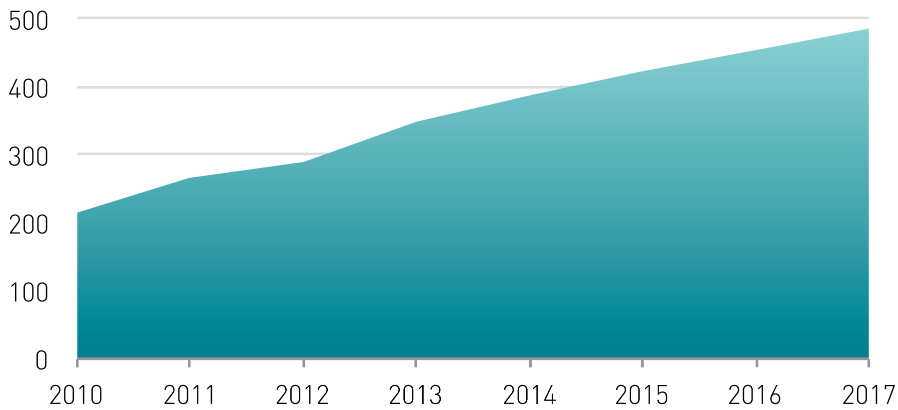
Other major players in the HETV sphere include US cable TV networks such as HBO, whose phenomenally successful *Game of Thrones* is filmed in Northern Ireland. The major tech players – Apple, Facebook and Google – are also looking to gain traction in this increasingly crowded market. Apple, for example, is reported to have a $1 billion budget to spend on original film and television in 2018.

There has also been a shift in the business models of traditional TV broadcasters such as ITV and Sky. These channels have moved away from just hosting content produced by third parties and generating income primarily through advertising. Instead, TV companies increasingly recognise the value of producing and owning original content, which can potentially be sold around the world.

With technological advances changing the ways that consumers access films and TV programmes, media companies will keep producing large volumes of new content as they scramble for subscribers. This will continue to drive demand for film and TV studio space worldwide.

> "IN THE US, A TOTAL OF 487 SCRIPTED ORIGINAL SERIES WERE AIRED IN 2017 – THIS HAS MORE THAN DOUBLED SINCE 2010."

NUMBER OF SCRIPTED ORIGINAL TV SERIES IN THE US



Source: FX Networks Research

A BOOMING UK INDUSTRY

The film and TV industry has been the fastest growing sector of the UK economy over the last five years. During this period, the output of film-related industries has grown by 88% to reach £13.2 billion. This represents a growth rate more than seven times faster than the overall UK economy.

Employment growth within the sector has also been impressive. Approximately 102,000 people were employed in the film and TV industry in 2017, according to Office for National Statistics data. This figure has increased by 20% over the last five years, with the majority of employment growth coming in the film production sector. The workforce is heavily concentrated in London and the South East, with the BFI estimating that 57% of film industry employment is in this region.

THE UK AS A GLOBAL FILM PRODUCTION HUB

Against strong international competition, the UK benefits from several major advantages which help to attract US filmmakers. These include:

- a generous tax relief system;
- the availability of on- and off-screen talent;
- the cultural appeal of UK cities, particularly London.

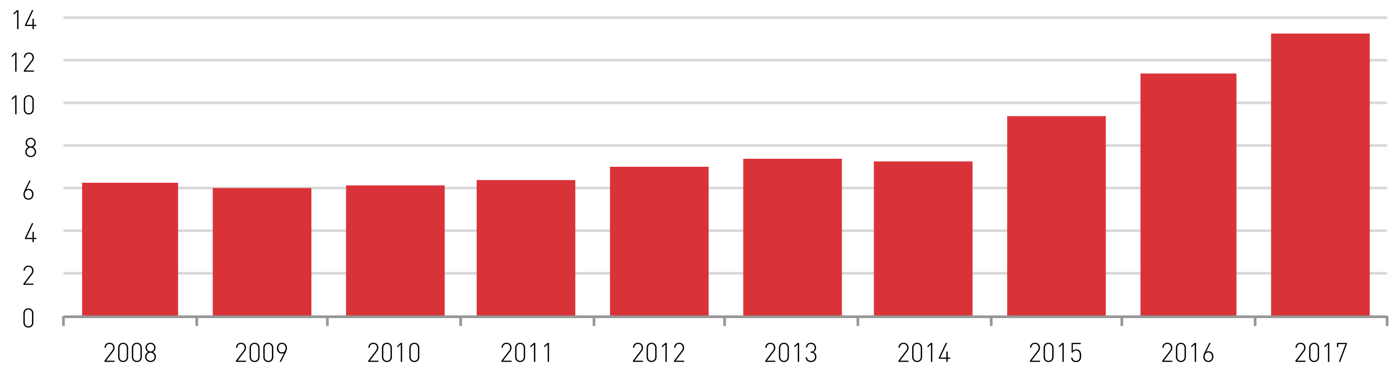
To date, the attractiveness of the UK film industry appears to be Brexit-proof, and the relative weakness of the pound against the dollar in recent years has only added to its appeal to US film companies.

Tax relief of up to 25% is available for films and HETV programmes that qualify as British, either via a cultural test or as an official co-production. In practice, Hollywood studio films shot in the UK are able to qualify under these rules. The UK's tax incentives are not, however, unusual in the global film and TV marketplace; similar tax relief is available in many other countries offering incentive schemes.

A more significant differentiator for the UK is its pool of highly skilled specialist labour, which makes it one of the very few countries outside of the US where major feature films can be crewed locally. London, in particular, is home to one of the greatest concentrations of film industry technical expertise in the world.

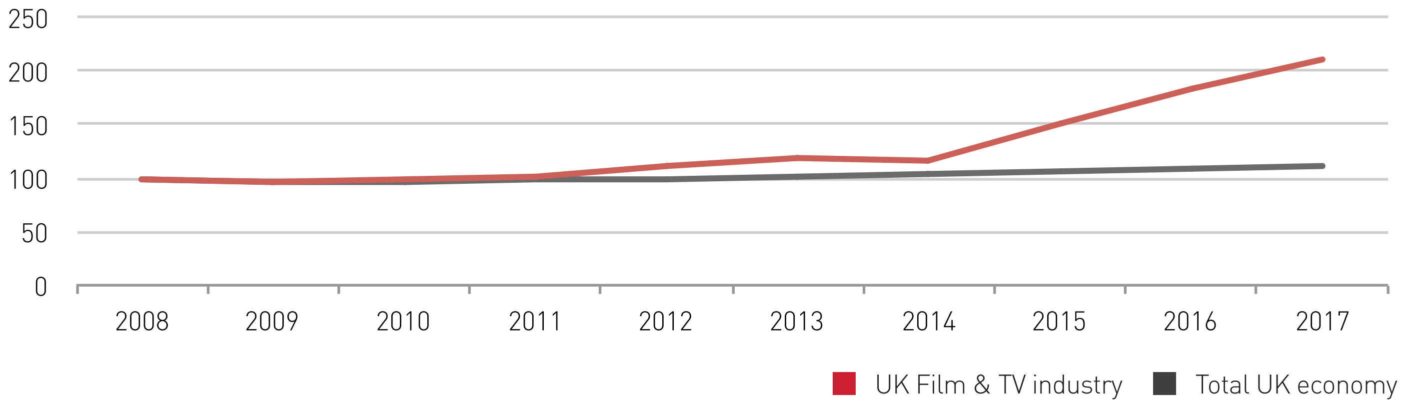
The economic, cultural and employment benefits of a strong film industry are widely recognised, and the current tax relief system has broad political support. This should help the UK to remain one of the world's leading hubs for film and TV production.

OUTPUT OF FILM & TV RELATED INDUSTRIES IN THE UK (GVA, £ billion)

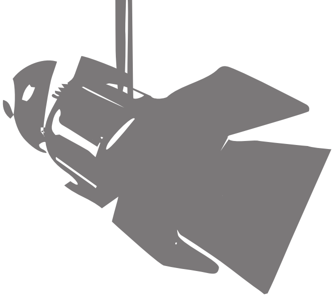


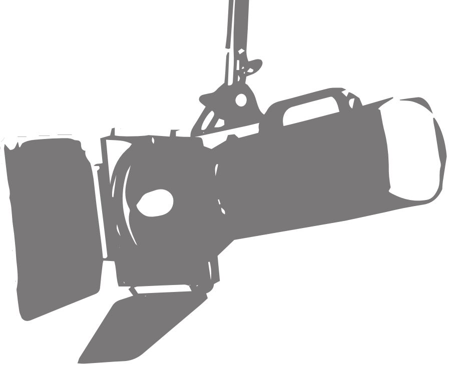
Source: Office for National Statistics
Includes motion picture, video and television programme production, sound recording and music publishing activities
GVA in chained volume measure (constant prices)

GROWTH OF THE UK FILM & TV INDUSTRY VS UK ECONOMY (GVA index, 2008=100)



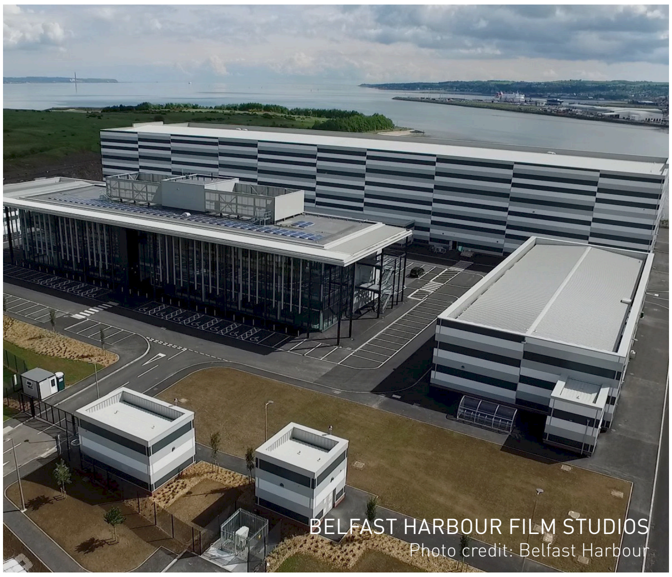
Source: Office for National Statistics/LSH Research calculations





STUDIOS IN FOCUS

The booming demand for film and TV studios is currently accommodated by properties of varying types and quality. In broad terms, the current supply can be categorised into four main types.



BELFAST HARBOUR FILM STUDIOS
Photo credit: Belfast Harbour

PURPOSE-BUILT FILM STUDIOS

Purpose-built studios offer large, well-equipped sound stages suitable for film and high-end TV drama productions. These may be built to the bespoke requirements of particular film companies. There are only a handful of large-scale, truly purpose-built studios in the UK.

The country's largest purpose-built film studios are Pinewood and Warner Bros Studios Leavesden, both to the west of London. There has been a moderate amount of new purpose-built development in the rest of the UK in recent years, including Belfast Harbour Studios.

"LSH advised ITV on the relocation of its Northern Ireland HQ and news studio into new office space at Belfast Harbour. The construction of the new studios underlines the growing confidence in Belfast as an emerging media hub."

Greg Henry, Associate Director – Agency, LSH Belfast

REPURPOSED BUILDINGS

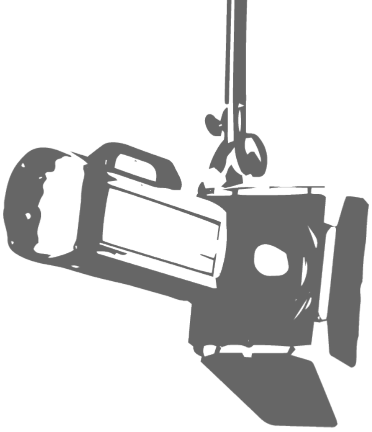
Repurposed buildings include warehouses, air hangars or factories that have undergone refurbishment to convert them to studio use. Typically, warehouse spaces may be converted to stages with a degree of soundproofing, and production facilities will be available on site.

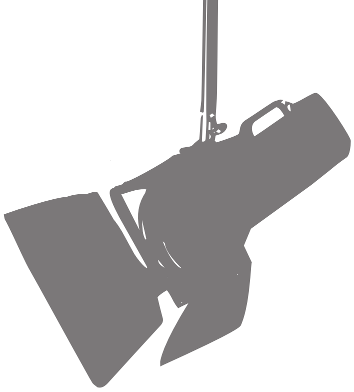
A prime example of this type of studio is 3 Mills in east London. This is a former distillery complex whose buildings have been converted into approximately 80,000 sq ft of studio stages.

"The studios at 3 Mills are particularly important to the production of independent films in London as they have historically been available at cheaper rates. The site is in need of further investment, but despite this the studios are full and attracting international film and TV productions. This demonstrates the lack of supply across London."

Christopher Berry, Head of Media, LSH

3 MILLS STUDIOS, LONDON
Photo credit: Lambert Smith Hampton





“THE UK’S STOCK OF FILM STUDIOS HAS GROWN ON A HAPHAZARD BASIS. ONLY A LIMITED PART OF THE EXISTING SUPPLY IS WELL MATCHED TO THE CURRENT GROWTH AREAS OF BIG BUDGET FILMS AND HETV.”

NEASDEN STUDIOS, LONDON
Photo credit: Lambert Smith Hampton

ALTERNATIVE SPACE

Alternative space is a term that is generally used to refer to vacant industrial buildings that are offered as spaces for filming, but that have had little or no refurbishment. Such spaces are increasingly being marketed as “blank canvas” film locations in order to make up the UK’s shortfall in dedicated studio space.

An example is Neasden Studios in north London. This property is an old carpet warehouse that was used for the set of ITV’s *Mr Selfridge*.

> *“ LSH advised ITV throughout the production of Mr Selfridge at Neasden Studios. ITV invested a significant amount into the property to ma ke it usable due to a lack of availability in traditional studios. This approach has been replicated by production companies nationally, and alternative space has had an increasingly important role to play in satisfying demand in the stretched studio market.”*
>
> **Mark Passer, Associate Director - Real Estate Advisory, LSH**

SHINY FLOOR TV STUDIOS

Shiny floor studios are used for the filming of TV programmes. These have multi-camera sound stages with high technical specifications, and may include room for the seating of studio audiences. They are smaller than film studios, typically being around 5,000 sq ft.

Shiny floor TV studios within the London area include those operated by BBC Studioworks at Elstree and White City, Sky’s studios in Osterley and BT Sport’s facilities in Stratford. The dock10 studios in Salford are another important location, used for the filming of numerous BBC, ITV and Channel 4 shows.

> *“ LSH worked with both the BBC and ITV during their moves to Salford. This location is now established as the UK’s most important centre for shiny floor TV studios outside London.”*
>
> **Nigel Philp, Director - Real Estate Advisory, LSH**

THE STUDIOS FROM DOCK10, SALFORD
Photo credit: dock10

STUDIO RENTS

The rents achieved by film and TV studios vary greatly depending on the type, quality and location of the studio. Shiny floor TV studios command the highest rates, which are generally quoted on a daily basis. Studios will issue rate cards listing their daily prices, but substantial discounts are nearly always negotiated. At the very top end of the market, high-quality TV studios within Greater London may list studios of approximately 5,000 sq ft at £5,000-10,000 for a day's filming. However, these rates drop off to the low thousands for similar studios in the rest of the UK.

A quirk of the TV studio system is that production companies will not expect to pay a flat rent over the period during which they rent studio space. Instead, a lower rent may be paid while a set is constructed and dismantled, with a higher rent paid during the filming period.

Premium rents are also commanded by the UK's most well-known purpose-built film studios. Film studio stages are generally rented for the entire duration of a production's shooting; for major feature films, this will be several months. Big budget blockbuster films will often require at least 125,000 sq ft of stages, and can thus be accommodated by only a small number of UK studios.

For this type of studio, rents are generally quoted on a weekly basis. In the most prestigious film studios near London, stages of approximately 20,000 sq ft are listed with weekly rents of up to £25,000-30,000. Discounts can be negotiated, particularly when renting for long periods.

Repurposed warehouse space commands substantially lower rents, with weekly or daily rates generally quoted. Rents will vary depending on the location and the extent to which a space has been refurbished for studio use. Some ex-warehouse studios of moderate quality in Greater London are known to quote rents of approximately £1 per sq ft per week. However, significant discounts are always available and these rents are inclusive of business rates. Allowing for this, rents calculated on a square foot per year basis are estimated to be somewhere in the £25-30 per sq ft range.

These rents offer a premium over those achieved by conventional warehouse space, with prime logistics rents within Greater London currently standing at £15.50 per sq ft per year. However, the short-term nature of rents and the uncertainty of income within the studio sector are major inhibitors to property owners and developers more used to long-term secure leases in the logistics sector.

LONGER TERM OPTIONS

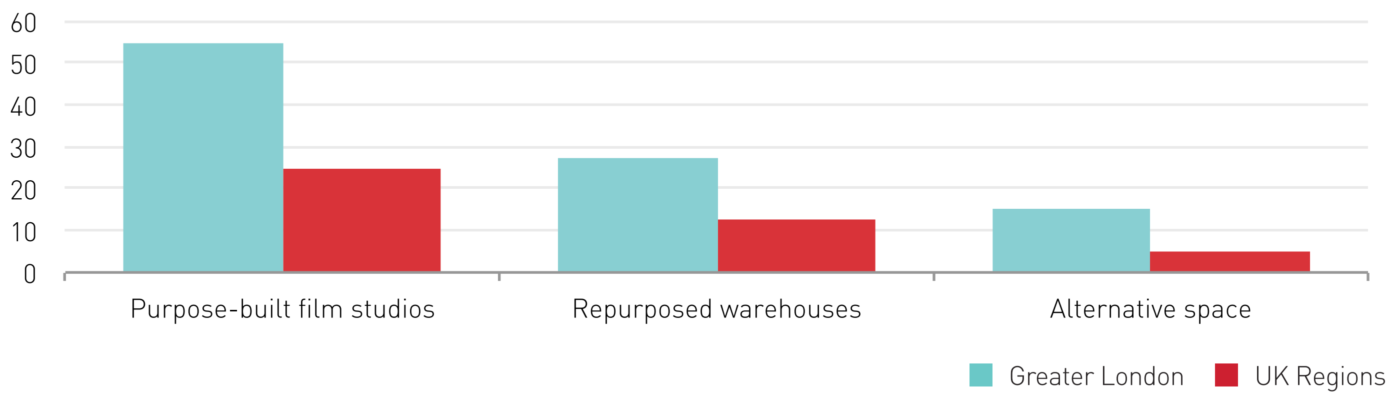
The limitations of the current supply have pushed some film companies to look at longer term solutions, including ownership or long leases on studio space. Warner Bros is unique among the major US film studios, as it has a permanent UK base at Leavesden Studios in Hertfordshire. Warner Bros bought Leavesden in 2010, having filmed the *Harry Potter* films at the studios; however, its stages are available for rent by other film companies.

More recently, Warner Bros has taken a lease on newly-built studios at Belfast Harbour, while Disney has leased space at Pinewood. Netflix has not, to date, taken any long-term leases in the UK, but it has signed 10-year agreements in the US, suggesting that it is prepared to take on relatively long leases. Proposed new developments, such as the Dagenham Studios project, may provide options for film companies seeking longer term solutions to their studio needs.

Nonetheless, leases of 2-5 years remain a rarity for film studios and these would be considered as long-term commitments within the industry. Viewed from a property market perspective, this gives the sector a relatively high risk profile, although film studios do have the potential to achieve rents that compensate for this elevated risk.

Dagenham Film Studios (artist's impression)
Image credit: London Borough of Barking and Dagenham

INDICATIVE FILM STUDIO RENTS (£ per sq ft per year)



Indicative rents for stages of 20,000 sq ft. Actual rents will vary greatly by studio. Rents assume that discounts are negotiated on list prices.
Source: LSH Research

SETTING THE STUDIO SCENE

The development pipeline includes a number of new studio schemes that have the potential to enhance both the quantity and quality of studio stages available in the UK. However, these new projects are unlikely to be enough to make up for the undoubted shortage in supply.

CURRENT SUPPLY

Well over half of the UK's existing studio space is concentrated in Greater London and the South East. The traditional film studio heartland is the western fringe of Greater London, which is home to well-established facilities such as Pinewood, Leavesden and Shepperton. With 21 stages totalling more than 440,000 sq ft, Pinewood is the largest film studio in the UK. It is closely followed by Warner Bros Studios Leavesden, which has more than 380,000 sq ft across 14 studio stages.

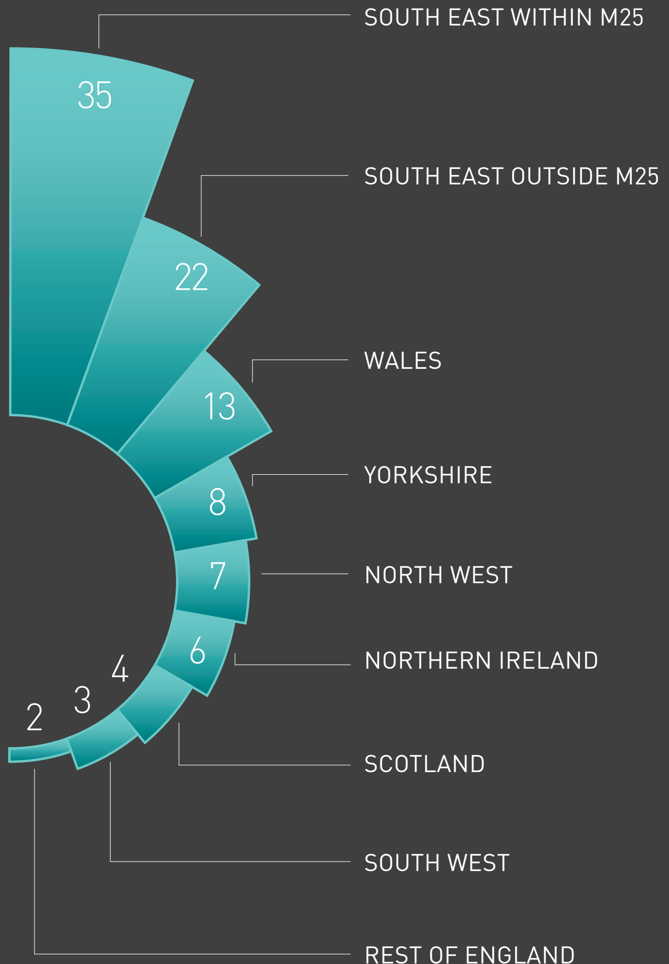
In the rest of the UK, there are a number of growing studio clusters, in locations such as Northern Ireland and South Wales. Regional film bodies in other parts of the UK are actively seeking to position their areas as attractive studio locations.

Important studios within the UK regions include Bristol's Bottle Yard Studios, a converted bottling plant with over 100,000 sq ft of stages. It has hosted the filming of TV shows including *The Crystal Maze*, *Poldark* and *Wolf Hall*.

A recent addition to the supply is Church Fenton Studios, a former RAF base which has been developed by Screen Yorkshire into its new flagship studio. ITV's *Victoria* was the first production to be filmed at this location.

© 'Victoria': Mammoth Screen for ITV, at Church Fenton Yorkshire Studios

FILM & TV STUDIO SPACE BY UK REGION (%)



Source: LSH Research
Excludes alternative space and studios with less than 5,000 sq ft of stages

DISTRIBUTION OF FILM & TV STUDIOS

SCOTLAND

Scotland is a popular filming location and a growing number of buildings are being marketed for studio use with the support of Creative Scotland. These include Wardpark Studios, an industrial complex in Cumbernauld used by the US cable TV network Starz for the filming of its show *Outlander*.

NORTHERN IRELAND

Within **Northern Ireland**, the filming of *Game of Thrones* has acted as a catalyst for the growth of the local film industry. The main facility used for *Game of Thrones* is the Titanic Studios in Belfast, located on a former shipyard site. The purpose-built Belfast Harbour Studios were completed in 2017, with two sound stages of 32,670 sq ft.

REPUBLIC OF IRELAND

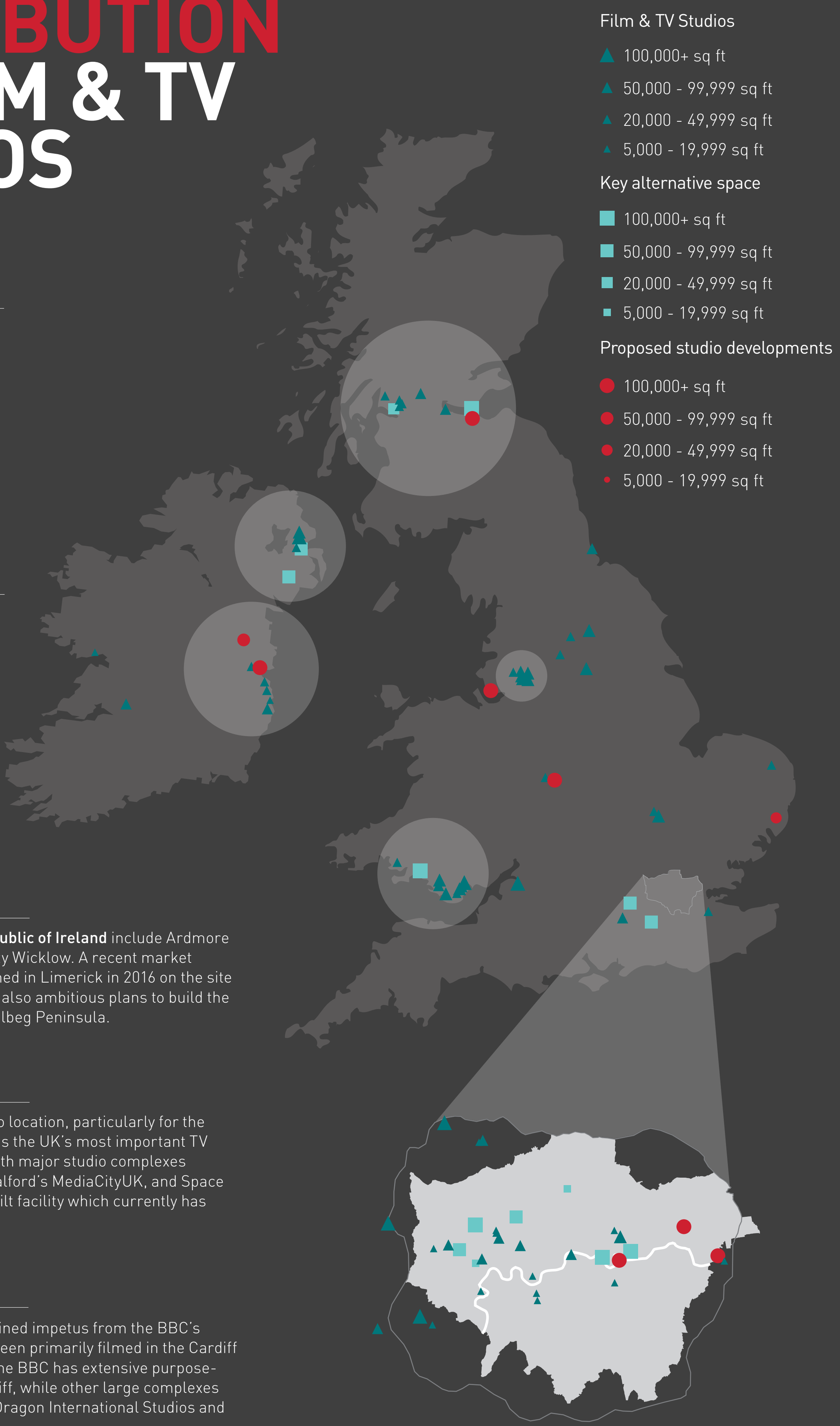
The largest film studios in the **Republic of Ireland** include Ardmore and Ashford Studios, both in County Wicklow. A recent market entrant is Troy Studios, which opened in Limerick in 2016 on the site of a former Dell factory. There are also ambitious plans to build the new Dublin Bay Studios on the Poolbeg Peninsula.

GREATER MANCHESTER

Greater Manchester is a key studio location, particularly for the TV industry. It is now established as the UK's most important TV production hub outside London, with major studio complexes including dock10, located within Salford's MediaCityUK, and Space Studios Manchester, a purpose-built facility which currently has around 85,000 sq ft of stages.

SOUTH WALES

Activity within **South Wales** has gained impetus from the BBC's filming of *Doctor Who*, which has been primarily filmed in the Cardiff area since its re-launch in 2005. The BBC has extensive purpose-built studios at Roath Lock in Cardiff, while other large complexes include Pinewood Studios Wales, Dragon International Studios and Wolf Studios Wales.



Sizes refer to the total sq ft of studio stages.
The map excludes studios with less than 5,000 sq ft of stages.

SUPPLY SHORTAGE

The shortage of large purpose-built film studios is acknowledged as a major issue within the UK industry. Lambert Smith Hampton understands that the UK has lost out on the filming of 5-10 major movies over the last two years due to a lack of suitable studio space. Each of these lost projects would potentially have been worth tens of millions of pounds to the UK economy.

Economic modelling carried out by PwC in 2013 suggested that the UK would need between 800,000 and 1.2 million sq ft of additional studio space by 2032. However, since 2013, UK film production has grown at a significantly faster rate than even PwC's best case scenario. Applying revised assumptions to their models, LSH's assessment is that 1.6-1.9 million sq ft of new film studio space will be required over the next 15 years, if recent growth rates are sustained.

FUTURE DEVELOPMENTS

Although there are multiple proposals for new studio developments across the UK, these are not likely to provide enough new space to make up the current supply shortfall. Approximately 800,000 sq ft of new studio stages are in the known development pipeline, albeit much of this is in long-term projects that may take years to be realised.

The most high profile new scheme is in Dagenham, east London. In March 2018, Barking and Dagenham Council announced that the US-based Pacifica Ventures, in partnership with MCC, was its preferred builder and operator of the studios. The Pacifica-MCC plans include 12 stages totalling 264,000 sq ft. Emphasising the current strong appetite for new studio developments, LSH, working for Barking and Dagenham Council, received 18 expressions of interest and four firm bids in response to its competition to find a partner.

Other large proposed new projects include a scheme to build a studio complex at the site of the massive Littlewoods Building in Liverpool. The first anchor tenant will be Twickenham Studios, which has agreed to lease a total of 85,000 sq ft, including two new 20,000 sq ft sound stages.

Elsewhere, the Scottish Parliament has backed plans for the construction of Pentland Film Studios, south of Edinburgh, while film studios form part of wider large-scale urban regeneration projects planned for North Greenwich in London and Purfleet in Essex. The NEC in Birmingham has also been mooted as the location for a large new film studio complex, although firm plans have yet to be announced. In addition to these potential new studio projects, many of the UK's existing major studios are also set to grow, with Pinewood, Shepperton and Leavesden all having expansion plans.

> "**1.6-1.9 MILLION SQ FT** OF NEW FILM STUDIO SPACE WILL BE REQUIRED IN THE UK OVER THE NEXT 15 YEARS."

Littlewoods Film Studios, Liverpool (artist's impression)
Image credit: Capital & Centric

POLITICAL SUPPORT

Recent and planned studio developments have been encouraged by broad political support for the creative industries from the UK national and local government. The Mayor of London Sadiq Khan, for example, has a stated aim to make the capital the most "film friendly" city in the world and London's first Cultural Infrastructure Plan is due to be launched in 2018.

The new studios at Dagenham have mayoral support and the plans align well with the Thames Estuary Production Corridor Vision, which aims to establish the area in and around east London as a global hub for the creative and cultural industries.

Several recent studio developments in the rest of the UK have been enabled by local government support. Bottle Yard Studios, for example, is a partnership initiative supported by Bristol City Council. Space Studios Manchester, and its sister site The Sharp Project, are run by a company set up by Manchester City Council.

With local councils seeking to attract creative industries, they may look favourably towards granting planning permission for film studios. For developers, permission for new studios may help them to unlock sites for wider mixed-use developments. Film studios can be incorporated into new "creative districts" that include other creative workspaces alongside residential development.

A SHIFTING LANDSCAPE

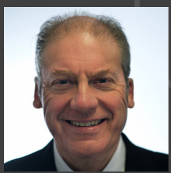
While demand for larger studios suitable for film and TV dramas has boomed, rising cost pressures have created more challenging conditions in the market for shiny floor TV studios. Some space in this sector has been lost to residential development, particularly in London. The BBC Television Centre at White City was sold to the developer Stanhope in 2012. It has largely been converted to apartments, with three TV studios remaining. ITV's The London Studios closed in 2018 ahead of a redevelopment that will see it lose most of its studio space.

Also within Greater London, Fountain and Teddington Studios have both closed in recent years, having been sold for redevelopment. A shift of focus towards regional locations, where studio costs are lower, is underway in this part of the market.

Another geographical shift is apparent in the locations of larger film studios in Greater London; while most of the well-established studios are to the west of capital, the proposed new developments at Dagenham and Purfleet are to the east. This is partly due to the lower cost of land to the east of London, as well as competition from industrial developers. With the logistics property sector currently in vogue, sites that would be suitable for studio developments are being snapped up for logistics use. Sourcing appropriate sites for new studios may thus remain challenging, despite the evident strength of demand.

SPOTLIGHT ON LONDON

If you take the time to think about the biggest films of recent years, you'll notice one common factor: London.



ADRIAN WOOTTON OBE
CHIEF EXECUTIVE
FILM LONDON

From much-loved characters who are synonymous with the city itself like *James Bond*, *Paddington* and *Mary Poppins* to globe-straddling franchises such as *Star Wars*, *Mission: Impossible* and the *Marvel* cinematic universes, a huge number of the biggest cinematic spectacles choose to make London their first port of call.

This didn't come about by accident. Our city's success is thanks to a near-alchemical mix of locations, facilities and technical expertise, all of which are underpinned by generous and reliable tax reliefs.

We also have some of the best actors, writers and directors in the world – a huge draw for film and TV producers, as globally successful productions like *The Night Manager*, *The Crown*, *Sherlock* and *Paddington* go to show.

London also offers the best visual effects (VFX) and post-production companies in the world – the vast majority of which are based in Soho – which have created stunning imagery for the biggest studios and won Oscars as they've done so.

Beyond studio space, skills and expertise, of course, we should also highlight that the city itself represents a major draw for directors and the megastars they cast – after all, who wouldn't want to spend their downtime exploring London's unbeatable cultural offer, dining in the world's best restaurants or staying in the city's luxurious hotels?

Being a hub for film and TV productions is more than just a merit badge for our capital city – the ROI is huge. Statistics published earlier in the year revealed that total spend on film production in the UK during 2017 was £1.9 billion – a 12% increase on 2016 and the highest figure since its records began over 20 years ago. Similarly, inward investment for high-end TV production skyrocketed, with a spend of £684 million (a 27% increase on 2016).

Success, of course, breeds increased demand, and while our overriding message is "always busy, never full" there is rising demand for additional studio space.

We have a world-renowned studio infrastructure in and around the capital, with big names like Pinewood, Leavesden, Ealing, Elstree and Twickenham, all of which have proven their mettle many times over when it comes to servicing international productions. Several of these are in the process of upgrading or expanding their facilities, while the production boom has also led to plans for brand new facilities in Dagenham, east London. Elsewhere, a number of former factories, warehouses and office blocks taking on glamorous secondary lives as "alternative" studio space for international films and TV shows.

While there is no apparent end in sight for this current production boom – particularly given the rise of companies like Amazon and Netflix, and the eagerness of Facebook, Google and Apple to follow in their footsteps – we at Film London cannot afford to be complacent. Similarly, this is a global business, and with cities the world over seeing how successful we are and how much can be gained from the screen industries, many other territories are upskilling, offering tax incentives and doing everything they can to grab a piece of the action.

As such, Film London knows that if the UK capital is to remain competitive then we need to identify new space and ensure a through-flow of world-class talent. To this end we are working with public and private landowners to unlock new space, either as a long-term investment or as a way to generate significant income in the 6-18 months while planning details are finalised. We also continue to manage the London Filming Partnership – a network of over 400 public and private sector agencies, locations and companies that work together to ensure the capital is as film-friendly as possible and help productions when they're on our streets as well as in our studios.

With film and TV production flourishing across the city, Film London has the expertise and experience to help you capitalise on this booming industry.

ACTION POINTS

These are exciting times for the UK film industry. The studio landscape is set to see significant changes over the next few years, with proposed new studios having the potential to greatly enhance the quality of property assets in the sector.

Lambert Smith Hampton's key recommendations within the sector are as follows:

INDUSTRIAL PROPERTY OWNERS should look at their portfolios and identify if any of their assets, particularly vacant or older buildings, can be used as studio spaces. This may be a way of generating income from under-utilised assets, and requires relatively little expenditure. Regional film bodies are always on the look-out for industrial spaces that can be marketed as filming locations.

PROPERTY INVESTORS will find sourcing stock challenging in this sector, but there may be opportunities to acquire high-yielding assets. With historically low yields currently on offer in the industrial sector, investors in search of higher yields may find value in the largely untested studio sector.

PROPERTY DEVELOPERS should look to take advantage of the clear demand for new studios, and investigate opportunities in new or ongoing studio development projects. Industrial developers, in particular, may find that their expertise can be relatively easily transferred to studio development.

LOCAL AUTHORITIES should bear in mind the employment benefits of having film studios in their areas, and their potential to attract skilled creative people. The availability of sites suitable for film studios could be considered as part of strategic reviews of employment land. There may be scope to incorporate studios into wider regeneration projects, as a way of positioning locations as new "creative districts".

STUDIO OCCUPIERS should explore opportunities to rent space at the new studios currently being developed across the UK. These have the potential to hugely increase the options available in the sector, and may challenge the dominance of existing prestigious studios. Larger production companies may also want to consider whether longer-term leases or property ownership could deliver cost and efficiency benefits.

With the film industry making a growing contribution to the UK economy, and high-quality new studios set to come on stream, film and TV studios increasingly deserve consideration as a distinct property market sector offering a unique range of opportunities.

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