

Booming UK film and TV industry must double studio space within next 5 years report finds

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The UK will need an additional 6 million sq ft of film and television production space by 2026 if the sector is to keep pace with growing demand, according to the latest research from global real estate advisor Knight Frank.

Knight Frank's 2022 UK Film and TV Studio Market Report reveals that spending on UK film and television production rose from £2.85 billion in 2016 to £5.64 billion in 2021, a compound annual growth rate of 14.6%. If demand for fit-for-purpose studio space continues to grow at its current rate, Knight Frank anticipates that the UK will need an additional 6 million sq ft of studio space in the next five years, a footprint equivalent to 15 Hogwarts Castles or 282 Quidditch pitches.

By 2025, the Motion Picture Association forecast there will be 1.6 billion global online video subscriptions worldwide, and the rising demand for streaming services and content is driving an increase in production spend. The UK's generous and transparent tax incentives, highly skilled workforce, historic buildings and natural scenery have contributed to the UK's established status as a popular destination for screen production.

Netflix, Amazon and Disney have all pledged to continue to invest in British TV and film production, driving demand for more studio space. Netflix, for example, recently signed for c.230,000 sq ft of space at SEGRO Park Enfield and pledged to double the size of its production base at Shepperton Studios. Amazon has committed to approximately 450,000 sq ft of facilities, including nine sound stages, forming part of the redevelopment and expansion of Shepperton Studios. Meanwhile, Comcast, owner of Sky and NBC Universal, is building Sky Studios Elstree in partnership with L&G, a new large-scale complex in Hertfordshire set to open this year.

Existing UK studios such as Pinewood, Shepperton, Elstree and Warner Bros. Studios at Leavesden are booked out for years in advance and turning away film and TV productions. Much of the UK's existing c. 6 million sq ft of general stage facilities (units > 5,000 sq ft) is increasingly oversubscribed. Both international and UK film and TV production companies are finding it increasingly difficult to secure space, particularly around production hotspots in London and the South East.

This has triggered a wave of plans for new studio space across the UK. The number of planning consents for film studios has increased by 45% between 2018 and 2021, while applications are up 35%. Investors and developers who can bring high-quality, well-located developments to the market in the next few years will be well-positioned to benefit from surging demand for space.

New global production studio platforms are seeking to capitalise on demand for production, such as Hackman Capital Partners, which is currently developing Eastbrook Studios in Dagenham,

London's largest film and TV production centre, as well as investing further in Scotland and Ireland. Blackstone and Hudson Pacific Properties have also acquired a 91-acre site in Broxbourne, Hertfordshire, where they plan to develop a major new production centre.

Smaller boutique studios are also looking to increase investment, including Garden Studios, which was established in Park Royal and is rapidly expanding its footprint. Last year, it leased a c.70,000 sq ft existing industrial warehouse for 15-years and has recently taken a new 95,000 sq ft site.

Claire Williams, Industrial & Logistics Research Lead at Knight Frank, commented: "With global video subscription revenue expected to continue to rise in the long-term and requirements for production space in the UK growing, investors and film studio platform operators who are able to deliver fit-for-purpose production space in good locations stand to benefit from robust occupier demand and a dependable income stream. The government's Levelling Up agenda will also incentivise further investment and TV and film production beyond the M25, opening up a spectrum of opportunity for property investment as well as business growth and investment. The growth of the sector is also driving demand for industrial warehouse properties."

Freddie Owen, Partner, Capital Markets at Knight Frank, added: "Investors are increasingly attracted to the UK's film and studio sector as the growing interest from global production companies requires new fit-for-purpose production space, and offers the prospect of sustained rental growth with a robust occupier market. Streaming giants such as Netflix and Amazon Prime are taking longer leases on large sites, presenting opportunities not only for new development but also to convert well-located warehouses to production space for long-term use."