



RAILWAY INDUSTRY ASSOCIATION
Championing a dynamic rail supply sector



Station Investment Zones:

A new model for investment
in transport, housing
and growth

Contents

1. Executive summary
2. A new vision is needed
3. Station Investment Zones – supporting community place making
4. An innovative investment model
5. A scalable approach
6. Moving from concept to delivery
7. Annex

Key facts

- **85% of the UK population** live within 5km of a railway station.¹
- **100+** potential intermodal hub stations across the UK suitable to launch a new investment model.²
- **1.2 million new homes** could be built within a 10-minute walk of rural stations.³
- **5-9% higher house values** within 500m of a railway station, compared with equivalent properties 1500m away in London, Manchester and Glasgow.⁴
- **c.£2 billion** RIA estimate of the national station estate maintenance and renewal backlog.⁵
- **37-97%** rail passenger growth expected by 2050 compared to the pre pandemic peak - the difference depending on Government policies.⁶
- **Three-fold increase in employment** (from 8,700 to 27,700) in the King's Cross and St Pancras station regeneration area.⁷
- **Four-fold increase in Gross Value Added** – the economic impact in the King's Cross and St Pancras station regeneration area.⁸
- On average **persons with mobility difficulties make only six rail trips per year** compared with 22 rail trips per year for those without mobility difficulties.⁹ One in four people have a disability in the UK, with this rising to 45% of State Pension age adults.¹⁰
- **Rail contributes £41 billion to the UK economy** each year (GVA), and returns **£14 billion in tax revenues**.¹¹





Figure 1. Value proposition for the public sector

Contribution to Government objectives (primary objectives)

- **New homes**
- **Economic growth**
- **Local regeneration** and jobs creation within communities

Railway benefits

- **Increase patronage (and revenues)**
- A more **accessible** railway
- **Well maintained buildings** that are appropriate to the area vision
- **Safer** and more **comfortable environments**
- **Environmental and energy efficiency** benefits

Public finances

- Benefits realised **without increasing public sector net financial liabilities**
- Secures **business rates, developer contributions**
- Third party funding **supports station renewals** (reduced maintenance backlog)
- Grows **passenger revenues** (and leverages these)
- Unlocks **commercial revenues** from railway assets
- **Financial gains are shared with the public sector** by taking a share of the equity investment
- **Aligns different public financial support streams** for greater placed-based regeneration Impact (Department for Transport, local funding streams, Homes England, National Wealth Fund)

Executive Summary

There are over 2,500 stations in the United Kingdom and this estate could play a huge role in regenerating the areas they are located in and increasing housing supply.

The UK Government has been clear in its support for place-based regeneration schemes to boost growth, employment and build new homes. Transport infrastructure improvements go hand in hand with and help unlock these opportunities. The remarkable transformative effect of regeneration schemes such as the Kings Cross St Pancras station area is well documented – but it is replicating such benefits in communities across the UK which is now the challenge.

With significant constraints on Government funding, and growing demands on stations as accessible inter-modal transport hubs, a new approach to improving existing station areas is needed. This is especially true for community stations which have significant potential, but are not of a scale on their own to attract a bespoke investment approach that flagship stations are capable of.

Well planned station area developments, with strong community engagement, can bring significant business, commercial and social opportunities – and therefore present an opportunity to attract private investment. Improvements can also boost rail revenues, meaning that they can contribute to sustainable railway finances, including helping to address the current backlog of station maintenance, improving the appearance of the stations estate, and increasing the propensity for people to travel by train.

This paper proposes a new delivery model which is public spending neutral, not requiring new Government funding, but seeking to make use of all the different revenue streams potentially available: commercial and retail income, land value capture (such as through developer contributions and business rates retention), farebox (passenger revenues), and several different public grants across transport, housing and energy. It also seeks to build on the strategic changes that are happening through devolution, planning, tax, infrastructure and rail reform, which make a new approach possible.

// This paper proposes a new delivery model which is public spending neutral, not requiring new Government funding, but seeking to make use of all the different revenue streams potentially available //

Following the *Stations: Engines of Communities* paper RIA published in April 2025, and subsequent research on an actual portfolio of stations, this paper now proposes a new delivery model which is a partnership between local authorities, the railway and the private sector.

RIA's proposed approach brings together three main elements, that would work together to amplify impact of investment:

- The creation of new **Station Investment Zones**,* which provide investment incentives to support integrated housing, commercial and transport improvements and a planning approach sensitive to each community within 800 metres of a station (beyond the boundary of the station estate). Zones would be locally led, but under a national framework. **See Chapter 2.**
- An **innovative investment model** for direct investment in stations, where the private and public sectors can co-invest alongside each other for mutual benefit. **See Chapter 3.**
- A **scalable approach** that works across the UK to bring together groups of stations as a portfolio, established at a national and/or regional level, to support investment in the Zones, whilst establishing the economies of scale that will help attract private investment, and will help reduce costs. **See Chapter 4.**

Our preliminary assessment is that there will be at least 100 stations across the UK that will benefit immediately from such an approach.

This paper does not look to set out the full commercial details of the delivery model, or specify which stations should be included – these are matters which need to be taken forward by governments in partnership with communities, developers and investors. Instead, it looks to set out a new approach to investment in the UK's railway stations.

To start securing the benefits within a reasonable timescale, there is now an urgency to bring together the different parts of the public sector that will need to coordinate efforts to realise the ambition.

We would like to thank members of the cross industry working group that have supported the development of this proposal, and the many others who have generously shared their ideas and advice.

We welcome further feedback and discussion about this proposal and to turn it from a concept into a reality, and we suggest the practical steps needed in the final section.

* Modelled on the Government's Investment Zones approach



Chapter 1:

A new vision is needed

The role of the UK's railway stations is changing. Stations are not only the points of access to and from the rail network, but station zones are becoming increasingly recognised as engines of communities, economic growth, and sustainable transport.

The transformative impact of investment in and around stations is well illustrated by the Government assessment of the impact of development around Kings Cross and St Pancras since 1996, which has led to major regeneration in this part of London (see **Figure 2**), as well as improving accessible transport connections and railway finances. The challenge now is to find a way to achieve similar types of benefits across the much larger number of smaller and medium sized stations in communities right across the UK, to support local connectivity, jobs and growth. **Figure 3 (overleaf)** gives an example of a successful approach on a smaller scale in Switzerland. Whilst there are plans for housing and regeneration near many rail stations across the UK, there has not historically been a clear approach to facilitate this and coordinate the different elements required.

There are significant investment needs, but Government funding is constrained

Realising regeneration and housing development benefits requires investment to improve stations and their surrounding areas. Funding streams within the rail industry are constrained, with station improvements a lower priority than the engineering improvements needed to ensure reliable train services. Simply restoring stations to their intended condition is a challenge: RIA estimates that the wider station estate has a maintenance backlog in the region of £2 billion.¹² Alongside this, passenger growth of between 37% and 97% is expected by 2050 compared to the pre pandemic peak, meaning investment will be needed.

Station improvements must attract new sources of investment, and this requires a new approach. Government funding, whilst constrained, will still be required, however the new approach can unlock local authority funding and private investment sources.

A new vision

Supported by a cross-industry working group, RIA's *Stations: Engines of Communities* Discussion Paper (April 2025)¹³ looked to restart the debate around how we deliver better stations and to establish a consensus on changing the way that we currently plan and invest in stations.

It identified the opportunity to:

- Exploit the close relationship between station and housing development.
- Harness the full range of funding sources to help pay for station improvements.
- Forge close partnership working with local areas.
- Use private investment and commercial expertise to bring together and maximise these different revenue sources.
- Invest in improving smaller and medium-sized stations as a portfolio.
- Establish the above as a repeatable programme of investment with a high-level pipeline and timescale.

The Paper set out a vision for stations as central to local placemaking, arguing that stations can be reimagined as engines of economic, social and environmental value rather than cost centres.

Since publication we have had many discussions across the public and private sectors, and welcome the range of views and suggestions put forward.

Inclusive intermodal hubs

RIA has engaged transport consultancy Steer to undertake an independent review of a portfolio of 11 stations in North Kent, as a sample to understand the commercial realities for stations on the ground, the role they play in communities and their contributions to the network at large.

Steer's analysis, published in July 2025,¹⁴ suggested that transforming key stations into high-performing, intermodal and inclusive hubs would substantially aid connectivity and create community and commercial opportunities.

Steer's findings showed that generating additional journeys can be a strong driver of commercial returns, and that utilising station land better, such as car parks and buildings, also improves returns. Over £10 billion of revenue is generated from travel through stations each year,¹⁵ and leveraging this 'farebox' could help attract investors. Working in partnership with the private sector could bring greater certainty, alternative financing routes and improved economies of scale.

Illustrative case studies at Margate and Whitstable suggested that well-targeted investments could be paid back within 3–8 years, with further returns being able to be directed into investment in other stations in a portfolio (**Figure 4 overleaf**). However, stations are not all equal generators of value for the costs absorbed. Resources need to be targeted to the stations where they will offer the best value in return for the investment. Steer's initial screening of the station estate indicated that over 100 stations outside London could serve as intermodal hubs under suitable conditions.

Figure 2. Impact of King's Cross and St Pancras station investment

Investment in and around King's Cross and St Pancras stations between the late 1990s and 2020 has delivered major regeneration and long-term economic benefits. The redevelopment of the stations and surrounding brownfield land created a mixed-use district with around 50 new buildings, 2,000 homes, 26 acres of public space and over 4.9 million square feet of office space.

The Government commissioned an assessment of the wider impacts of the station investment, which found that employment in the area trebled from around 8,700 to 27,700 jobs. Many jobs are in the creative, digital and technical industries, leading to the area now being known as the 'Knowledge Quarter'. Economic output per worker has grown over 300%.

The assessment also found substantial increases in land values and economic output, alongside wider benefits from improved accessibility and international connectivity. Overall Office for National Statistics Data showed that Gross Value Added had grown fourfold since 1998 in the study area.

The project demonstrates how investment, a clear long-term vision and effective public-private partnership can unlock transformational, place-based outcomes for station investment.

Source: <https://www.gov.uk/government/publications/wider-impacts-of-station-investment-kings-cross-and-st-pancras>

Changes such as the growing importance of Mayoral Combined Authorities and the creation of Great British Railways mean that new approaches to station development are now possible.

Housing opportunities

Leveraging the relationship between housing and the railway is a priority for the Government. The creation of Platform4, demonstrates the Government's desire to build new homes around rail. The Government's target of 1.5 million new homes by 2029 requires creative, cross-departmental thinking. Investment in stations, and the development of areas around them can help provide an answer to this.

Stations have a strong positive effect on the value of housing – new developments, especially where car parking is constrained, depend on strong transport links. Properties in London within a 500m walk from the nearest station are worth 9% more compared to a similar home 1.5km away, and in Manchester and Glasgow house prices are 5% higher.¹⁶

The scale of potential homes in close proximity to stations is significant. Looking at the UK's rural stations, RCKa Architects have estimated that up to 1.2 million homes could be built within a ten-minute walk of stations.¹⁷

There are examples of housing densification linked to rail transport links such as work by the Peabody Trust near Clapham Junction, and other sites,¹⁸ whilst

Figure 5 explores the link between stations, housing and regeneration in the UK further.

Steer's research did not include the consideration of broader land value capture mechanisms, nor wider benefits such as economic stimulus and supporting housing development.

Recent reforms enable a new partnership model

Changes such as the growing importance of Mayoral Combined Authorities and the creation of Great British Railways mean that new approaches to station development are now possible.

Great British Railways creates the potential for a more joined-up and streamlined approach across the station estate, which has previously been highly fragmented, with powers for land assembly (buying and selling land) that can unlock new types of development. A new Government-owned company, Platform4, has been created to deliver 15,000 homes over the next five years, using surplus railway land to support brownfield regeneration. With fewer counterparties and a clearer strategy, there is the opportunity to develop a simplified approach for third party investment in and around station areas.

Mayoral Combined Authorities bring together strong integrated planning approaches across transport, housing and commercial developments, and now have access to new funding streams such as the Transport City Regions fund. Local authorities also need to be involved from the outset, to help articulate the benefits and key features needed in each community.

The Government's planning reforms now provide a presumption in favour of sustainable development in the National Policy Planning Framework and a 'Grey Belt' policy to unlock lower-quality Green Belt land for housing and infrastructure development under specific conditions. The reforms allow town development corporations – such as Mayoral Development Corporations – to designate and manage geographically separate areas – such as a series of stations – to be part of a single approach, making a wider approach to developing several sites simultaneously possible. Locally led development corporations can be used as a model to bring these aims together and deliver across larger geographical areas.

The Government's 10-year Infrastructure Strategy, published in June 2025, provides important strategic context, recognising the importance of transport infrastructure and investment in stations in supporting housing, jobs and growth.¹⁹

Importantly, it sets out a new willingness of the UK Government to consider public-private partnership models, including for Euston Station. It also recognises models such as the Mutual Investment Model in Wales which has demonstrated an innovative way to invest in public infrastructure.

The Government's Industrial Strategy, also published in June 2025, is a core element of the growth mission, aiming to rebuild Britain, support good jobs, unlock investment and improve living standards.²⁰ It prioritises urban regeneration and the development of brownfield land, promoting productivity and growth in small businesses and key sectors, as well as supporting Net Zero and regional growth.

Figure 3. Quartier Pont-Rouge: An example from Switzerland

Quartier Pont-Rouge in Lancy, Geneva, is a mixed-use development built around Lancy-Pont-Rouge railway station. Created on former railway land transferred from Schweizerische Bundesbahnen (SBB), the national Swiss railway company, it forms part of Geneva's wider Paille-Acacias-Vernets urban plan to transform the city's former industrial district into a new mixed-use zone.

Between 2020 and 2022, 640 new homes were completed, with 80% delivered as affordable or public housing. The neighbourhood is well-connected, with direct access to the railway station, tram and bus links, whilst ground floor shops, restaurants, and community facilities, including a new school, support residents.

Pont-Rouge has transformed from a previously brownfield former rail yard into a sustainable and vibrant urban quarter, demonstrating how the coordinated redevelopment of railway stations and surrounding areas can deliver housing at scale, supporting the local community.

Source: <https://quartier-pont-rouge.ch/presentation-quartier-pont-rouge/>

Figure 4. Steer's North Kent coast portfolio analysis

Steer's *Unlocking Station Potential: Delivery model exploration for the Railway Industry Association* report examined how a portfolio approach can be used to identify and deliver sustainable investment across the rail estate.

The North Kent coast portfolio, comprising 11 stations serving 190,000 people, demonstrates how strategic investment could generate financial returns. Collectively, the stations handle over five million journeys each year, producing £53 million in farebox revenue but only £0.7 million from ancillary sources such as parking and retail. Operating and renewal costs total around £5.5 million annually. Larger stations such as Margate, Ramsgate and Whitstable already have strong footfall and present clear opportunities for enhancement through upgraded facilities, improved retail, and better integration with surrounding developments.

Two investment scenarios at Margate and Whitstable illustrate that targeted, medium-scale improvements could deliver fast returns through increased passenger volumes, higher farebox revenue, and expanded non-farebox (commercial) income, with payback periods of three to eight years. Over time, as these returns are realised, surplus revenues could be reinvested into smaller or lower-footfall stations, spreading the benefits across the wider portfolio.

Steer also identified an approach to identifying stations across the railway, with an initial screening of the station estate identifying more than 100 stations outside London that could serve as 'inclusive intermodal hubs' under suitable conditions. Further details about this approach can be found in **Annex A**.

Source: https://steergroup.com/sites/default/files/2025-07/RIA_Station_Exploration_Final_Report.pdf

Figure 5. Housing and regeneration in the UK

Across the UK, railway stations are emerging as catalysts for housing delivery and urban regeneration.

Projects such as those in York, Leeds, Newcastle, Manchester, Cardiff and Bristol show the scale of housing opportunity, from large-scale urban extensions to integrated city-centre redevelopments, anchored around upgraded transport hubs. Each scheme illustrates the need for – and benefits of – close collaboration between the railway, local authorities, private developers, and Homes England, the Government's housing and regeneration agency.

Local authorities are also looking towards development around stations as a key part of their regeneration strategies. In 2029, it is envisaged that Sheffield's Station Campus area will act as a new gateway to the city with capacity for around 950 homes and 20,000 sqm of commercial space, developed with a range of partners from the public and private sectors.

Sources:

<https://www.networkrail.co.uk/wp-content/uploads/2019/04/Network-Rail-Property-Open-for-Business-brochure.pdf>

<https://www.sheffield.gov.uk/sites/default/files/2025-07/housing-growth-delivery-plan-2025.pdf>

Chapter 2:

Station Investment Zones: supporting community placemaking

A locally led vision for development, with strong community engagement, is essential for productive station zones. The existing Investment Zones model is a strong approach which should be adapted for stations, with each inclusive intermodal hub station being part of a designated Investment Zone. The Investment Zone boundary would be larger than the station estate, around an 800m radius (a 10-minute walk) around stations.

In 2024, the Government consolidated its approach to Investment Zones, defining them as “areas across the UK where central and local government will work with business and local partners to create the conditions for investment and innovation”.²¹ Each Investment Zone is different, reflecting the unique strengths and opportunities in each place and sector. However, all Investment Zones have some core characteristics.

Adapting this concept to Station Investment Zones, the key criteria would be that the investment zone must support local housing and jobs (in lieu of the requirement that current Investment Zones must support one of five priority industrial sectors). For instance, there could be obligations on developers to build a certain number of homes within the Zone, by the end of the deal.

The aims of the Zones would be to support:

- Sustainable housing development, with strong transport connections.
- Commercial regeneration to increase local jobs, and economic activity through facilitating mixed use developments. This includes development of the station retail estate.
- Improved transport connections – supporting end-to-end journeys across all transport modes.
- Improved community spaces, including safer streets, support for community spaces, public services, and better air quality.
- Improvements to other infrastructure networks – exploiting opportunities to improve smart local energy systems and 5G connectivity. For example, parts of the railway network are bringing scope for 5G connectivity through Project Reach, where fibre optic cables are laid alongside rail lines to enable better internet connections and productivity. Other opportunities that would make the most of the adjacent railway could be installation of car charging, mini data centres, or battery energy storage systems.
- Apprentices/training opportunities connected with the business investment.

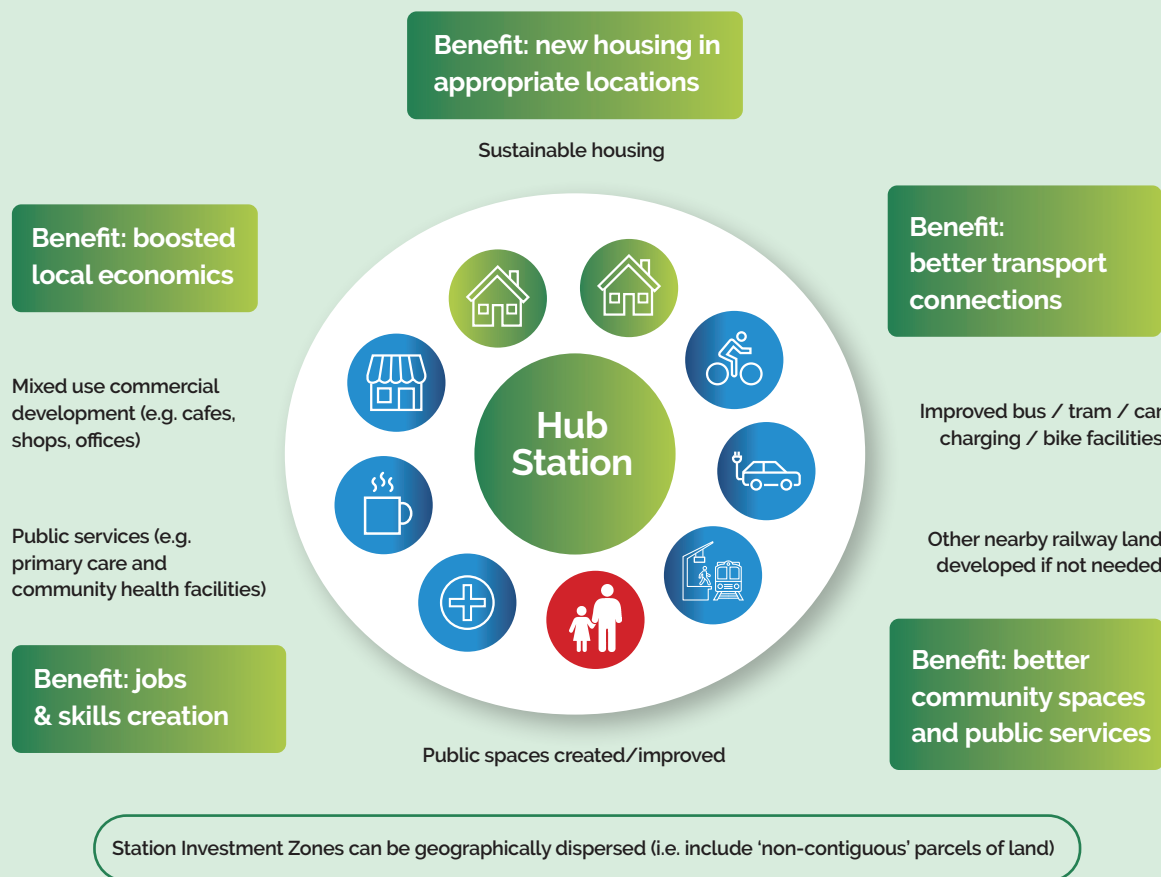
To deliver on these objectives, important features of Station Investment Zones (see **Figure 6** which illustrates the concept) would be:

- **A tripartite partnership between the railway, local planning and transport authorities and the private sector.** At a minimum these parties will be needed to coordinate the Investment Zone. Great British Railways will provide railway leadership (or Mayoral Combined Authorities if stations are fully devolved), and a joint venture will need to be established to bring together different funding and investment streams (see **Chapter 3**)
- **A clear geographic boundary,** a minimum 800m radius (a 10-minute walk) around stations. A presumption in favour of sustainable development should be applied to this area. Beyond this, there could also be several parcels of land around individual stations – they do not have to be geographically contiguous, but they could be united under a single development corporation.
- **Investment incentives.** There needs to be investment and tax relief for development within the boundary, mirroring the various reliefs for existing Investment Zones, but with incentives to provide sustainable housing development. This can be used to further support land value capture, involving a preferred tax treatment in exchange for a percentage of the land value up front.

- **Accelerated planning processes**, with local leadership to expedite approvals. This will help support land value capture mechanisms. It will need to encompass issues such as utilities management. This should also include accelerated railway approvals processes.
- **A harmonised and scalable approach that is easy to replicate across different areas.** Whilst the local plans will always be unique, the overall framework needs to be simple to establish in a variety of different areas.

Overall, it is important that Station Investment Zones are not unduly onerous or complex to set up. The Station Investment Zone framework must be designed to be easy for all parties to work with at pace. This means that there will need to be streamlined governance and a clear 'front door' to engage with the part of public sector overseeing the Zones.

Figure 6. Station Investment Zones



How it works

- Faster, simplified planning process
- Transport-led regeneration plan improves development value
- Tax incentives and funding unlocked
- Land value capture mechanisms secure a share of long-term value uplift for public sector
- Local partnership with councils, transport and housing authorities - design is flexible to local needs
- Residential and commercial development increases tax receipts and passenger revenues

Example station improvements

- Accessibility (supports more customers)
- Safe and comfortable environment
- Buildings well maintained and appropriate to area vision
- Improved station retail
- Community spaces
- Energy efficiency

Chapter 3: **An innovative investment model**



To improve stations and their surrounding areas it is crucial to bring together all the different funding streams to coordinate and maximise their impact.

There are four principal funding streams that need to be leveraged, although the exact mix will vary station by station:

- **Farebox** (i.e. passenger revenues): improvements at stations help drive footfall and boost revenues. Linking investment returns to increased rail usage means that investors have an incentive to grow rail revenues sustainably. Investors are unlikely to want to take full revenue risk, so risk mitigations or risk sharing will be necessary.
- **Commercial:** improving station areas can support a wide variety of commercial opportunities in and around stations, which will vary according to the particular local area. The potential scale is significant, and there are many possibilities including:
 - Retail and business unit leases
 - Energy generation (Photovoltaic)
 - Advertising
 - Parcel collection
 - Car parking
 - Electric vehicle charging points
 - Mini data centres (making use of the railway's high voltage electricity connections)
 - Telecoms (making use of the high-speed fibre, where installed on the railway)
 - Banking
 - Healthcare
- **Land value capture:** improvements to stations and their surroundings increase land value. There are a number of ways to capture this – but it requires careful upfront planning and sequencing. Developer contributions (so called 'Section 106' contributions) are a well-established planning mechanism, and the Community Infrastructure Levy (CIL) is a similar concept. There are also mechanisms to leverage future tax receipts: both business rates retention, which is well established, and Tax Incremental Finance (as used on the Northern Line Extension) are options. The establishment of a Station Investment Zone would help to secure these funding streams. It may also be possible for the public sector to purchase land prior to development, to guarantee land value capture returns.
- **Public sector grants.** There are several existing public funding streams that could be used alongside each other to maximise their impact. Firstly, there are the funds that would already be spent on the maintenance and renewal of the stations in question and for accessibility improvements. Then there are local regeneration and transport funding

streams – such as the Transport City Regions funding (£15.6 billion up to 2032).²³ More widely, funding such as the £39 billion affordable homes fund could support schemes with significant housing and regeneration elements.²⁴

On their own none of these funding streams is likely to be sufficient for a viable model, but in tandem and across regional portfolios the cumulative impact will be significant.

To bring these funding streams together in one place, with the right skills to invest, a Special Purpose Vehicle (SPV) would need to be created that would include revenue agreements and contracts with the relevant authorities and be tasked with delivering the improvements to the station and surrounding area.

The SPV would have contractual obligations to make station improvements and enable (or deliver) wider development in the local area. It would need to raise finance to pay for construction work and other improvements that are needed, and a mix of debt and equity finance would be sought. The SPV would then be tasked with providing the upfront capital investment for improvements, as well as some smaller ongoing maintenance costs.

The public sector could have an option to take an equity share in the SPV, just like in the Mutual Investment Model in Wales, so that it can share in any profits alongside private equity investors. This model would use a form of 'gain share' as part of the model, to ensure that commercial revenues can be maximised for the private sector, whilst also maximising the output and value for the public sector.

The debt finance could be supported through a National Wealth Fund guarantee, which would guarantee a portion (e.g. 60 or 70%) of the debt repayment in return for a fee, significantly reducing risk exposure to uncertain revenues. Alternatively, the National Wealth Fund could directly provide an element of debt finance, with the ability to finance alongside other lenders. Debt finance could also be provided through prudential borrowing by local authorities, for instance as part of a business rates retention approach.



Important aspects of the model that will require further work and discussion with potential investors:

- **Defining the exact investable proposition (i.e. which stations and what improvements).** The public sector will need to decide which station areas could benefit from this approach and assemble all the relevant information about the investment opportunities to facilitate an informed discussion with investors.
- **Timescale of the contract.** A long-term, 30+ year contract is likely to be necessary to ensure the SPV is incentivised to support sustainable long-term benefits, and to capture commercial and land value revenues that may take some years to be realised.
- **Defining the share of risk that the public and private sector would take** is key to attracting investment, as well as securing value for money. The SPV would take responsibility for delivering all of the improvements, bearing the risk of cost overruns and any failure to deliver the assets expected. The SPV will also need contractual mechanisms to draw on (and incentivise) revenue and commercial growth, without exposing investors to full passenger revenue risk. This could involve availability payments for the station, rather than full revenue risk, whilst commercial enhancement could involve some merchant risk.
- **Defining the boundary of the SPV's activity with the operational railway and also the Investment Zone.** The operational railway environment comes with important approvals necessary to manage

safety and operational risks. In principle, much of the station estate is capable of being developed using 'high street standards' which help keep costs lower. As a general principle, Great British Railways (or the relevant Mayoral Combined Authorities) will be better placed to manage railway operations, and the SPV will be better placed to manage property and commercial operations. The SPV is likely to take on some, but not all, development required within the wider Station Investment Zone – and the extent of its involvement will depend on the local development plans.

- **The balance sheet classification** (whether the SPV 'scores' towards the national debt) will be an assessment ultimately made by the Office for National Statistics. However, the example of the Mutual Investment Model in Wales is off-balance sheet, and the value for money offered by the model should arguably be the more important consideration.

A summary of the investment model is shown in **Figure 7**, and the types of improvement that the SPV could be contracted to provide are illustrated in **Figure 8**.

// Much of the station estate is capable of being developed using 'high street standards' which help keep costs lower //

Figure 7. Investment model

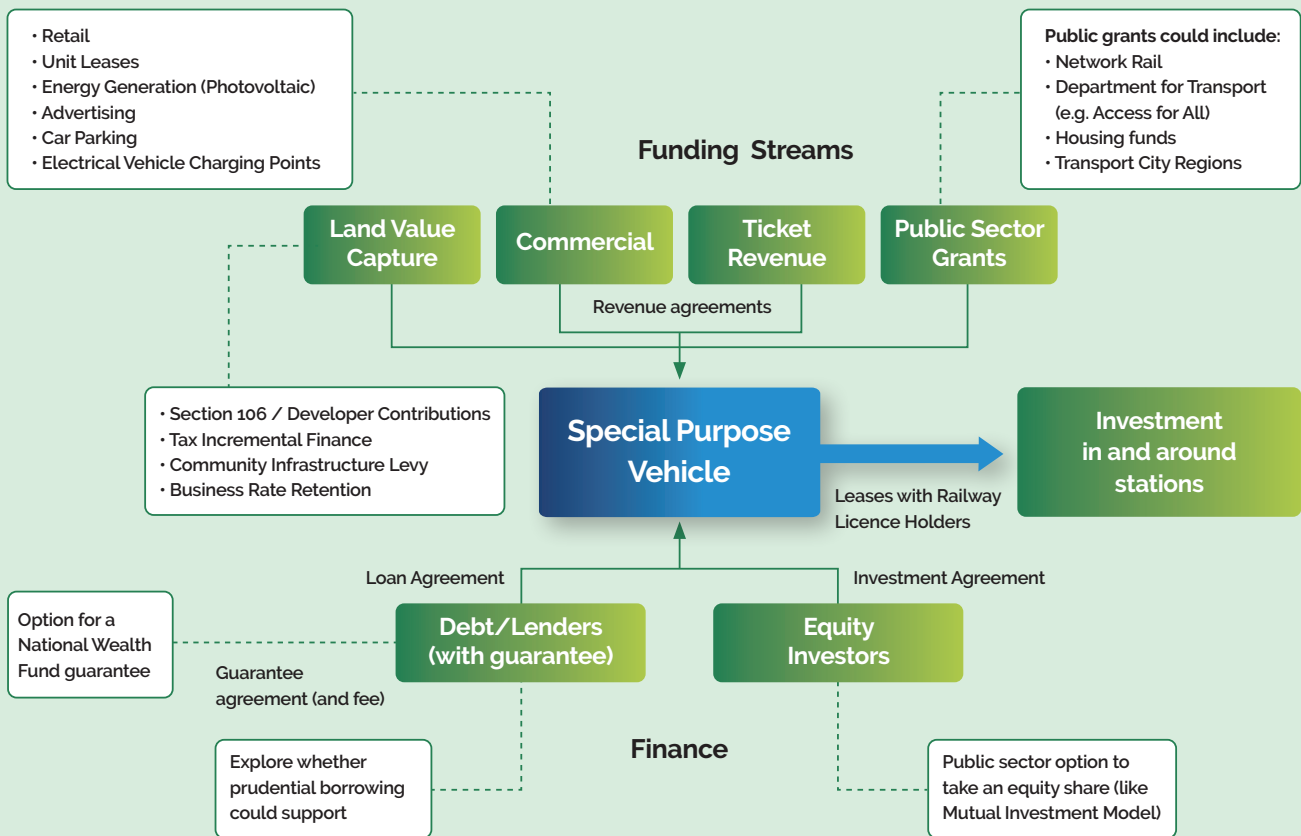


Figure 8. Example station area improvements

- Accessibility and signage (inclusive transport hubs can bring benefits in increased ridership)
- Better onward connections with other transport modes
- Safety and security e.g. lighting, signage, station layout
- Car parking, sharing and charging
- Secure cycle storage
- Improved energy efficiency and grid utilisation
- Improved public and community spaces and facilities
- Commercial / retail spaces
- Faster telecoms connectivity
- Parcel distribution hubs
- Sustainable housing (though may be delivered outside of the Special Purpose Vehicle by separate developers)

All of the above have potential to yield some financial returns, either directly, or through increased passenger numbers, which would support the investments

Chapter 4:

A scalable approach

The approach outlined so far is not sufficient on its own. Instead, a portfolio model of Station Investment Zones is needed to allow repeatable (but not identical) developments across multiple stations across the UK. There are many reasons why a scalable portfolio approach is beneficial:

- It is the most effective way for the Government to scale up impact – the public sector is unlikely to have the resources to design an approach suitable for every individual station on a case-by-case basis. It would simply take too long to agree and approve the deals.
- A large portfolio with a common investment framework is attractive to investors because it helps diversify risks, manage the timescales of different revenue streams, and reduces overhead costs as a proportion. This reduces the costs of finance.
- It supports the creation of a more unified and easier to navigate approach to investing in and around the railway.
- A portfolio approach is needed to justify the commercial and stakeholder engagement effort required to accelerate investment.
- It is possible to deploy Modern Methods of Construction techniques, such as the Hub Station design which has been developed for Network Rail – this can lead to significant efficiencies in construction costs.
- A portfolio will support continuous learning through repeatability, which further reduces risk and helps secure efficiencies.

Importantly, any portfolio approach and ongoing programme of investment still needs to recognise that each local place-based development plan will be unique, but that there are transferable approaches and technologies that we can get more impact by applying at scale.

The size of the portfolio(s) will be important and should be governed by the public and private sector working in partnership. The biggest financial benefits are likely to come from a large national portfolio. Institutional investors can traditionally look to invest equity of around £100m (requiring a large number of stations to be included). If investment groups are willing to make smaller investments, then portfolios can become smaller and more flexible.

Portfolios would be made up of the development of non-operational areas in the station and railway estate, as well as any adjacent development that the Station Investment Zone wants to hand to the SPV. Portfolios could be established at national and/or regional levels.

Regional portfolios: some Mayoral Combined Authorities may wish to establish a portfolio investment model across the stations in their geography, maximising the synergies of upgrading several stations in the area as part of the same regeneration programme.

A national portfolio of stations could be more geographically diverse, with the ability for local areas with suitable Stations Investment Zones to 'opt in' to the investment approach and form part of a national scheme (this could then be part of a national level station investment zone).

A cross-government programme board would be needed to establish the national framework for portfolios and Station Investment Zones, but each portfolio of stations would be led by Great British Railways or Mayoral Combined Authorities.

Although not a direct comparison, the national Swiss railway company's subsidiary SBB Immobilien manages nearly all of Switzerland's railway stations as part of its portfolio, as well as commercial and residential properties.²⁵ This means that stations act not just as transport nodes but as urban centres, whilst having the benefit of a single portfolio for improved management.

Criteria for inclusion

To ensure a portfolio that provides both public value and is commercially viable, RIA suggests the following, or similar, criteria for identifying specific stations. There needs to be potential to:

- Support sustainable housing growth in the surrounding area.
- Grow commercial revenues and local jobs in both the station and surrounding area.
- Facilitate onward travel connections, having an important role as transport hubs

- Significantly improve the station and community assets around the station.
- Accommodate increased passenger numbers through the train services (whether they are currently served, or additional services could be accommodated in future).

To ensure that a wide range of communities can benefit from investment, a portfolio can be constructed with both commercially attractive, and also commercially neutral stations, so that the portfolio would still be commercially viable overall. This would ensure that stakeholders get returns on their investment, but avoids smaller stations being left behind.

A pipeline of stations portfolios and investments should be created to support the approach, to attract sufficient levels of financing and ensure certainty for the supply chain.

/// The Station Investment Zone model supports a more unified and easier to navigate approach to investing in and around the railway ///



Chapter 5: **Moving from concept to delivery**



We have not specified the exact size or composition of a portfolio of stations as these are matters for local leaders, governments and commercial discussions. However, a number of steps are now needed to turn this concept into a programme of work.

1. **Establish the framework for Station Investment Zones** and the innovative investment model that will support sustainable housing, improved transport connections and economic regeneration in brownfield and 'Grey Belt' sites. The framework should include fast-track consents, powers for land assembly, clarity on acceptable housing density assumptions, and time-limited challenge windows to reduce the length of judicial challenges, whilst land value capture mechanisms should be designed from the outset. Indicative term sheets should be developed for discussion with potential investors.
2. **Establish cross-government leadership** to facilitate coordination between Cabinet Office (the "One Public Estate" programme), HM Treasury, the Department for Transport, Network Rail, Platform4, Homes England, the National Wealth Fund and Mayoral Combined Authorities. A single programme board should be established to bring together these bodies to develop and define the investment model, and understand the balance sheet implications and acceptable risk share between the public and private sector. The role of Platform4 will be key, and a clear understanding of the National Wealth Fund's investment capacity is needed. Investors should be consulted as part of these discussions to test acceptable investment scale and risk.
3. **Establish a portfolio of 100+ inclusive intermodal hub stations**, defining and applying key criteria for inclusion. The assessment will need to consider factors such as the scope for housing; opportunities for increased rail revenues; potential rail capacity; planning constraints; land/commercial yields; social value; and station improvements required. This will need to be supported by drawing on existing analysis to complete a holistic station audit, which comprises the condition, investment needs and commercial and housing opportunities in and around the station estate. The assessment should be done in conjunction with Mayoral Combined Authorities in their areas, reflecting their local development plans.
4. **Develop a user-friendly approach investing in and around the railway.** As Great British Railways is established, there is scope to define streamlined railway approval processes and break down barriers, to

engage constructively with the station estate. This needs to help local authorities and the private sector to understand and navigate all the steps required, including simplifying railway and other public sector engagement and approvals processes.

5. **Establish a national team with the skills and responsibility for facilitating third party station investment** across all smaller and medium sized stations. Great British Railways should provide this leadership when it is established.
6. **While the national framework is being established, bring forward 'pathfinder' investments in and around promising stations to innovate and test different approaches to generating the revenues and wider improvements.** Whilst it will not be possible to pilot a portfolio approach at a small scale, single-station pathfinders can start innovating to harness the various revenue streams within the model. A 'rail opportunities pack' could be published for each pathfinder, setting out the opportunities to harness rail-related development, such as including information on the additional passenger capacity available. A rolling programme approach will be needed once a portfolio is established.

/// The role of Platform4 will be key, and a clear understanding of the National Wealth Fund's investment capacity is needed. Investors should be consulted as part of these discussions to test acceptable investment scale and risk ///

Annex A - **Methodology for identifying intermodal hub stations**



The analysis by Steer in its report 'Unlocking Station Potential: Delivery model exploration for the Railway Industry Association'²⁶ illustrates how the principles developed through their North Kent Coast review can be scaled to identify potential hub stations across the national network, for initial prioritisation as part of a portfolio. This report sets out an illustrative approach, but does not specify which individual stations should be included, as these are matter for further development to be taken forward by Government in partnership with communities, developer and investors.

Inclusive intermodal hub stations are those which will deliver material benefits across a number of criteria, including:

- a strong case for regeneration
- high potential for housing
- railway and transport improvement viability
- commercial viability

Steer's approach to identifying candidate hub stations applied these principles through a structured, data-led assessment using geographic and socioeconomic datasets including:

- Population
- Index of Multiple Deprivation – considering income, employment levels, health deprivation and disability, education, crime, barriers to housing, and living environment conditions of the local population.
- Interchanges – the number of rail interchanges from the station.
- Public transport nodes – the number of bus stops, airports, trams and taxi ranks within 400m of the station.
- Entries and exits – total footfall for the station.
- Distance to other stations – the total number of rail stations within 8 kilometres (urban) or 16 kilometres (rural).

Steer's illustrative methodology individually ranked each station in England. These total rankings were then used to filter the most suitable stations. The filtering process involved three steps:

- The highest ranked station within each local authority was selected. This was to ensure an even distribution across England.
- Footfall was filtered as 'greater or equal to 250,000', this was to ensure that stations selected had substantial current demand, and therefore the case for providing additional investment could be supported by existing demand.

- The number of other rail stations within the specified distance was filtered to 'greater than or equal to 30', as Hubs would need to have the ability to abstract demand from local stations. Stations within London were not considered for this exercise, as it was deemed unlikely that passengers would travel further to another station that was an 'Inclusive Intermodal Hub', rather than using a local station.

This initial screening suggested at least 111 stations in England would be suitable for consideration as Inclusive Intermodal Hubs (stations within Wales and Scotland were also not considered as part of Steer's scope given policy ambitions and approaches may be different). These 100+ stations would act as anchors for portfolios, enabling upgrades elsewhere, subject to the commercial viability of the portfolio. The methodology provides an illustrative process that can be adapted to prioritise investment and support national and regional decision-making on where station improvements can deliver the greatest overall value. Further detail is provided in Steer's report.

***These 100+ stations
would act as anchors
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commercial viability
of the portfolio***

Get in touch:

RIA will be looking to engage with Government departments, private investors, and other parties such as retailers, developers and local authorities, to gauge their views about the proposals made in this paper.

Any organisation that would like to share its views can do so by emailing RIA Senior Policy Executive Dominic Poole at dominic.poole@riagb.org.uk

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