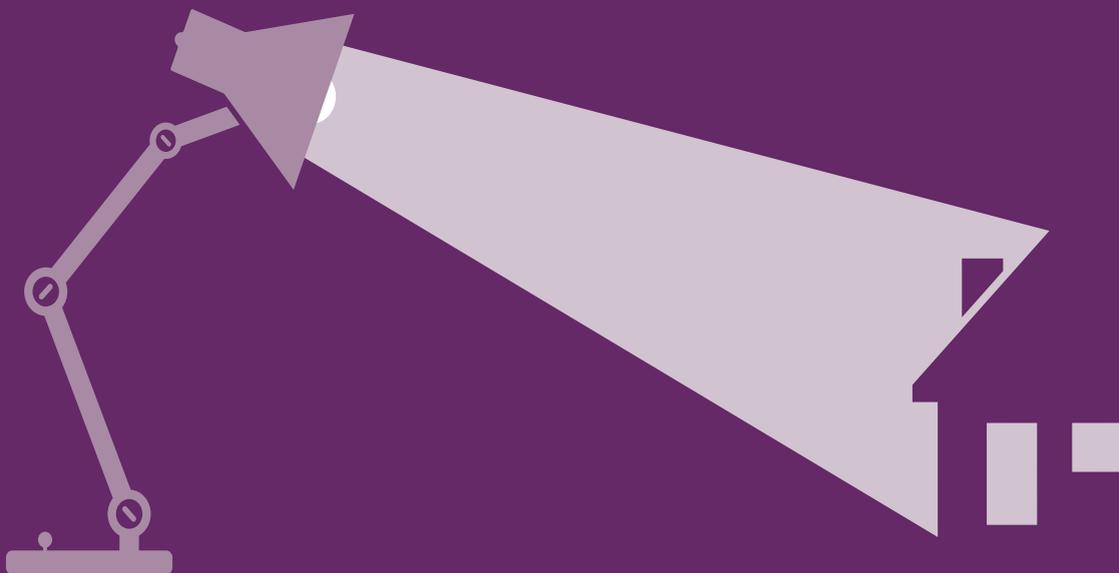


INSIGHT

THE WEST LONDON PROPERTY MARKET

Quarter 1 2015

Winkworth



See things differently.

EALING &
ACTON

SHEPHERD'S
BUSH

CHISWICK

HAMMERSMITH

KENSAL RISE &
QUEEN'S PARK

What a difference a year makes. Early in 2014, West London's housing markets were moving so fast that it was virtually impossible to judge when to jump in, or out. Sealed bids became commonplace and, by mid-year, values had swollen yet another 10%, with newspaper headlines repeatedly warning of a house price bubble.

However, the summer turned out to be something of a watershed. Cautionary words from the Governor of the Bank of England, the introduction of stricter lending criteria and the prospect of a general election less than a year away acted as a brake on spiralling values; thus a much calmer, more balanced market emerged in the second half of 2014. As the rate of transactions fell, stock levels rose, giving both buyers and sellers more time to consider their positions.

Experience tells us to expect a post-election bounce in sales and prices in 2015 and a busy second half of the year. However, there is no doubt that current conditions are appealing for buyers too. Indeed, we are already seeing indications that some buyers are using the market conditions to their advantage.

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MARKET OVERVIEW

West London is an attractive place to make a home and invest in. With some of London's most appealing open spaces, highly respected schools and good transport links, families tend to trade up rather than move on, while central London dwellers head out west for more space. The added SDLT burden in central London will only strengthen the draw of the west (see page 6).

SALES MARKET

The West London market saw its fortunes change over the course of 2014. Prices rose steeply to a peak in early summer, and then began to fall back, before stabilising in the final months of the year. The average price of houses sold in the second half of 2014 dipped 5% below values achieved in the first half, while flats fell 11% over the same period. Sales volumes followed a similar trajectory, with a 14.5% increase in the first half of 2014 compared with the same period of 2013 and a 19.2% decrease in the second half of the year, compared with the same period in 2013.

LETTINGS MARKET

The West London rental market was strong in 2014. The monthly rate of

lettings was consistently higher in 2014 than in the same month a year earlier. This led to rising rents towards the end of the year, helped by a buoyant London employment market. Average rental values achieved for flats in West London in Q4 2014 were, on average, 5.9% higher than in the same period a year earlier. A combination of rising rents and stable prices improved investment yields.

Tenants typically demand a high quality finish, and newly renovated properties achieve the highest rental values and let quickly. Tenants' expectations have been influenced by the quality of new-build homes in the area, which set a high benchmark standard.

BUYING OPPORTUNITIES

A period of price stability is a welcome respite from several years of spiralling values and fierce competition between buyers to secure sought-after properties. By the middle of 2014, the ever-widening gulf between house prices for buyers wishing to make a step up the housing ladder was starting to feel unsustainable, and some families were considering moves outside our markets.

The price corrections in the second half of the year resulted in a more 'sane' market and pared back the capital sum needed to trade up. West London remains high on buyers' wish lists. The recently approved Westfield extension in White City, Crossrail and the proposed HS2 connections add to its transport offering and the convenience of living in the area.

KEY FINDINGS

85%

of properties bought in 2014 would have paid the

same or less stamp duty

under the new system.

LAND REGISTRY (WINKWORTH WEST LONDON CATCHMENT)

£1 BN

to be spent on the extension of Westfield

to include 1,500 new homes. WESTFIELD LONDON

5%

fall in house values

since spring peak
LAND REGISTRY

AVERAGE FLAT PRICE

£393,095 EALING & ACTON

£481,934 SHEPHERD'S BUSH

£510,008 KENSAL RISE & QUEEN'S PARK

£548,291 CHISWICK

£621,644 HAMMERSMITH

Source: Land Registry – sold in last three months

WEST LONDON UNCOVERED

A more measured market, with increased stock for sale, fewer competing buyers and more realistic pricing will favour the well informed. Early 2015 may well prove an opportune time to buy or trade up in West London. Buyers, buffeted by the chaotic conditions of early 2014, will venture into a calmer marketplace.

HAMMERSMITH

Significant growth across Hammersmith in early 2014 set new record prices, with some sales exceeding £1,100 per square foot. However, the widening gap for those looking to trade up deterred many from entering the market. Thankfully, after price corrections the gap has closed again and buyers are returning to the market.

SHEPHERD'S BUSH

Shepherd's Bush continues to attract new admirers, with buyers from neighbouring Kensington & Chelsea (K&C) looking to get more for their money. Indeed, the average price of a flat sold in Shepherd's Bush in recent months (£481,934), is less than half the £1.1 million paid in K&C. Already well connected, with great shopping, schools and restaurants, this year will see the rejuvenation of the Shepherd's Bush Market area, further adding to its appeal for residents.

CHISWICK

The Chiswick market peaked early in 2014, but fell back in the second half, with average prices now just 6.5% higher than they were a year ago. Despite this, Winkworth Chiswick still achieved some record values in the latter part of 2014, having recently exchanged on a flat in the Grove Park area of Chiswick at almost £1,000 per square foot.

EALING & ACTON

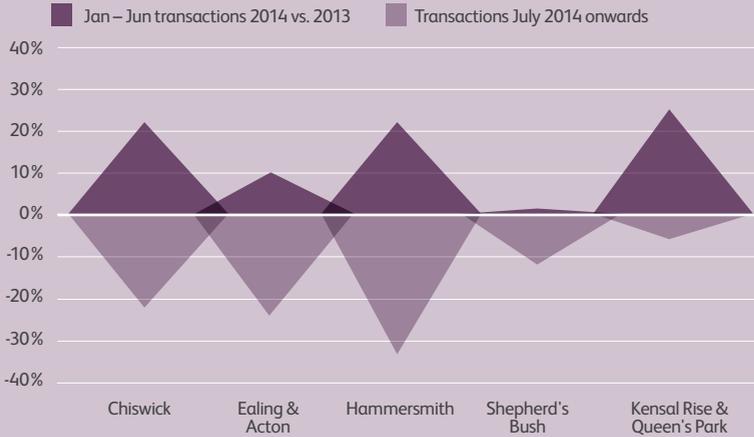
Stock levels in Ealing & Acton have improved, creating plenty of opportunities for the more determined buyer, especially as many will put plans on hold until the general election. In the longer term, demand in this location is underwritten by the prospect of Crossrail, which alongside a buoyant local rental market continues to attract investors. Indeed, there remains a shortage of quality rental properties in this area. One bedroom flats in good condition and offered at a competitive price can be let within 48 hours, with the best achieving upwards of £1,400 per calendar month.

KENSAL RISE & QUEEN'S PARK

This area remains popular amongst young professionals and families looking for period properties close to central London and attracts an increasing number of buyers heading out from Kensington & Chelsea. The average price of a flat in nearby Notting Hill (£1.13 million) is more than double (108% higher) than the average price of a flat in Kensal Rise & Queen's Park.

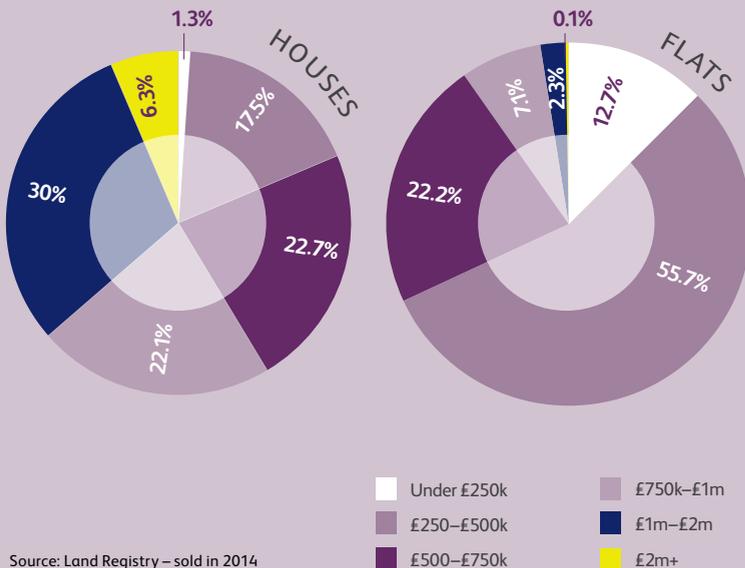
WEST LONDON MARKET OVERVIEW

ANNUAL CHANGE IN NUMBER OF TRANSACTIONS, BY OFFICE AREA



Source: Land Registry (average monthly transactions, excludes new build sales)

SALES BY PRICE BAND – WEST LONDON



Source: Land Registry – sold in 2014

WEST LONDON ROUND UP

102% H1 2014
97% H2 2014

% of asking price achieved

64% H1 2014
74% H2 2014

% buying primary residence

29% H1 2014
21% H2 2014

% buying as an investment

Source: Winkworth West London network
Note: This currently only uses data from the Hammersmith, Shepherd's Bush, Ealing & Acton and Chiswick offices.



STAMP DUTY – NOT AS TAXING FOR WEST LONDON AS CENTRAL LONDON

In the run up to the general election, political posturing by the three main parties has unsettled the housing market, with the upper end feeling it most. Both Labour and the Liberal Democrats continue to threaten owners of homes worth in excess of £2 million with a mansion tax of some form if elected.

In December, in a surprise move, the Chancellor introduced a radical shake up of Stamp Duty Land Tax (SDLT). The new rules, which came into force on

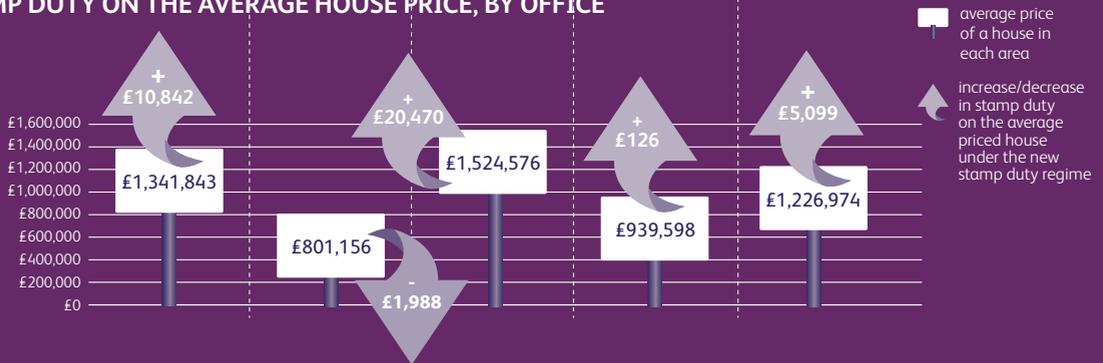
4th December saw a new SDLT system introduced with progressive increases (similar to those of income tax) rather than the old slab system, where those buying for just a few extra pounds would pay considerably more.

Under the new rules the chancellor announced that just 2% of home buyers would be worse off under the new system, albeit the vast majority of those paying more would be London buyers.

HOW THE NEW STAMP DUTY WOULD HAVE AFFECTED 2014 PURCHASES



STAMP DUTY ON THE AVERAGE HOUSE PRICE, BY OFFICE



Source: Land Registry: stamp duty on homes sold Jan – Nov 2014

Under the new SDLT system, buyers of homes sold for over £937,000 (with a few anomalies between £1 million and £1.125 million) will pay more SDLT. This, of course, means that the highest value markets, such as those in prime central London, will be most affected by these changes.

However, here in West London the majority of buyers in 2014 would have benefitted financially from buying under the new regime. Across our area of West London, just 15% of homes sold last year would have attracted a higher SDLT bill under the new system. Even in higher value areas of West

London such as Chiswick, more than two-thirds of buyers in 2014 would have paid the same or less stamp duty under the revised rules. In comparison, almost half (47%) of buyers in Notting Hill last year (53%) would have paid more SDLT under the new system, and over two-thirds (68%) of buyers in Knightsbridge would have paid more.

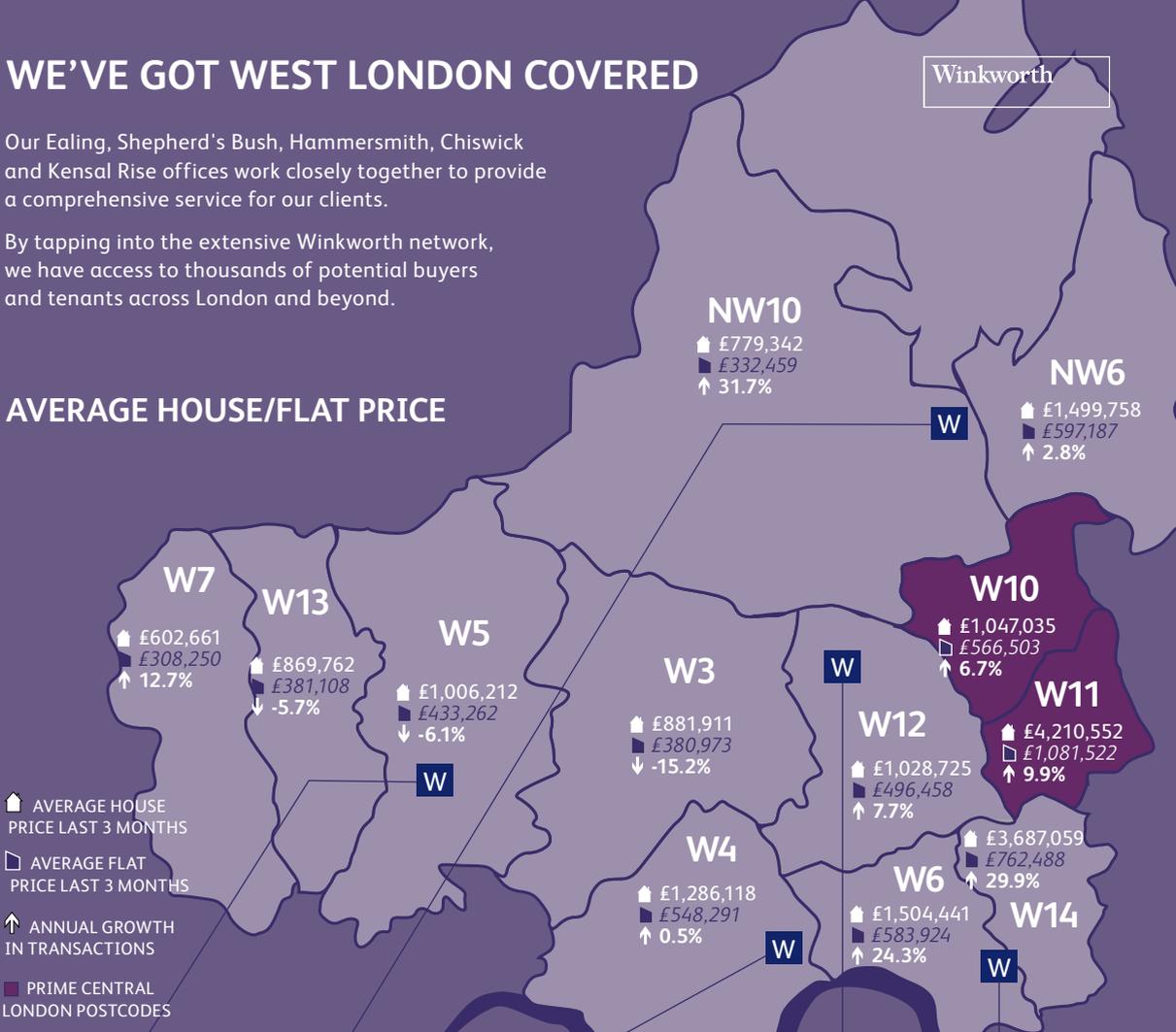
Perhaps more importantly for buyers and sellers is the abolition of the old 'slab' system. This will mean, we expect, far more fluidity in prices around the old SDLT thresholds at £500,000 and £1 million this year.

WE'VE GOT WEST LONDON COVERED

Our Ealing, Shepherd's Bush, Hammersmith, Chiswick and Kensal Rise offices work closely together to provide a comprehensive service for our clients.

By tapping into the extensive Winkworth network, we have access to thousands of potential buyers and tenants across London and beyond.

AVERAGE HOUSE/FLAT PRICE



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