

INSIGHT

THE WEST LONDON PROPERTY MARKET

Quarter 2 2015

Winkworth



See things differently.

EALING &
ACTON

SHEPHERD'S
BUSH

CHISWICK

HAMMERSMITH

KENSAL RISE &
QUEEN'S PARK

ELECTION NEWS

Following months of uncertainty and one of the tightest election campaigns ever, the Conservative majority win is exactly the result the property market in West London had hoped for. Although David Cameron's return as Prime Minister has left other political parties reeling, the outcome will underwrite confidence amongst both international and domestic investors. The positive reactions on election morning from the stock market and sterling exchange rates also reinforce that sentiment.

The uncertainty that has suppressed the property market in West London over the last few months is now over and concerns about mansion tax, rent controls and restrictions over non-doms are now alleviated.

We now expect to see a balanced release of pent up supply and demand and a welcome return of liquidity to the market. There is a perfect window of opportunity between now and the summer months to capitalise on a reinvigorated and buoyant market.

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BEN HUNT
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STEWART BOYD
KENSAL RISE &
QUEEN'S PARK

MARKET OVERVIEW

The appeal of West London continues to grow, benefitting from high levels of investment in infrastructure such as Crossrail and HS2, as well as the extension of Westfield among other developments. Meanwhile, the reform of stamp duty has delivered fluidity across the local market. While election fever temporarily cooled conditions, the West London housing market is well placed to bounce back quickly.

SALES MARKET

Following calmer conditions at the end of last year, there was a busy start to 2015 across the sales market of West London, with good levels of activity in all price thresholds. Buyers who had delayed decisions at the end of 2014 returned to the market, with many incentivised by the stamp duty reform announced late last year.

However, the election did affect the market. Recent weeks have been characterised by a lack of both supply and demand across West London, reflective of market conditions across the rest of London. As a result, compared to the particularly buoyant first quarter of 2014, transaction levels in the first quarter of 2015 were down

by 44%. Average sales prices also fell slightly compared to the final quarter of 2014, although they were 10.6% higher than the first quarter of 2014.

BUDGET AND ECONOMY

Looking ahead, there are plenty of reasons for optimism, especially with the election now consigned to history. Crossrail is set to reduce journey times from Ealing Broadway to Bond Street, for example, to just 10 minutes. March's Budget also brought encouraging news for first time buyers and housebuilders, with new initiatives such as the Help to Buy ISA demonstrating political commitment to the housing sector.

Changes to rules on pensions, introduced in April 2015, now mean that anyone over 55 years of age is able to withdraw their pension without the requirement to purchase an annuity. With the buy-to-let sector looking set to benefit as a result, the growing profile and appeal of West London will provide an attractive investment choice.

Indicators on the health of the UK economy, often a barometer of growth in the West London sales and lettings markets, are also increasingly positive. Although 0.3% GDP growth in the first quarter was lower than initially anticipated, the outlook for 2015 and 2016 has recently been upgraded by the office for Budget Responsibility. In addition, annual employment growth in London is now 2.6%, outperforming the national figure of 2.2%.

KEY FINDINGS

10.6%

annual increase in house prices across West London

Q1 2014 to Q1 2015
LAND REGISTRY

51.1%

rise in average sales prices since the 2010 election

across West London
LAND REGISTRY

£532,575

average flat price

Q1 2015, West London
LAND REGISTRY

CROSSRAIL UPDATE

JULY 2015

Construction to start on West Ealing Station

DEC 2019

Services to start running through Ealing Broadway

62 MILLION

Working hours completed so far

90%

Tunnelling complete

Source: CROSSRAIL

WEST LONDON UNCOVERED

After a strong start to 2015, the election caused the West London housing market to pause for breath. Many purchasers put their buying decisions on hold and applicant numbers fell. Vendors held back too, which contributed to a lack of supply. However, with activity expected to recover quickly, those looking for a deal are advised to act now.

HAMMERSMITH

The market in Hammersmith continues to appeal to first time buyers and families. We have seen an increase in downsizers retaining a small property in our area while moving their main residence out to the country. A shortage of properties available to buy in Quarter 1 meant that correctly priced homes, particularly in the market below £1.2 million, attracted interest and generated multiple offers. We have achieved an average of 98.4% of asking price on sales agreed so far this year.

SHEPHERD'S BUSH

The large infrastructure projects in Shepherd's Bush such as the Westfield extension, Crossrail and HS2 continue to strengthen its appeal. As such, despite quieter conditions in recent weeks, we continued to see good levels of activity. Two bedroom garden flats between £550,000 and £750,000 have proven most popular. Indeed, the average price of a second hand flat in our area has

increased by over 10% in the past year. We anticipate further modest price growth over the rest of 2015, with a stronger pick up in 2016.

CHISWICK

Although the house market in Chiswick was subdued in the run-up to the election, particularly over £1.5 million, flats were selling well with good levels of demand from both occupiers and investors. This continued to support values, with average flat prices in the first quarter being 9.6% higher than the same period in 2014. Pent up demand levels rose ahead of the election but there were still buyers committing to purchase. We recently exchanged on a two bedroom garden flat in need of renovation to an investor within two weeks of it being marketed.

EALING & ACTON

We are seeing high demand from first time buyers and buy-to-let investors. Sales up to £700,000 have been strong, accounting for 74% of transactions in the first quarter of the year. Crossrail continues to provide a considerable incentive for investors and competitively priced properties are generating interest. We recently sold a two bedroom period conversion close to West Ealing station to a cash buyer investor after multiple bids.

KENSAL RISE & QUEEN'S PARK

After seeing significant price growth in recent years, average sales prices are now rising at a more sustainable 10% per annum. The market up to £1 million remains buoyant, with realistically priced and good quality properties attracting interest from buyers. In the coming weeks we anticipate renewed interest in the upper price thresholds.

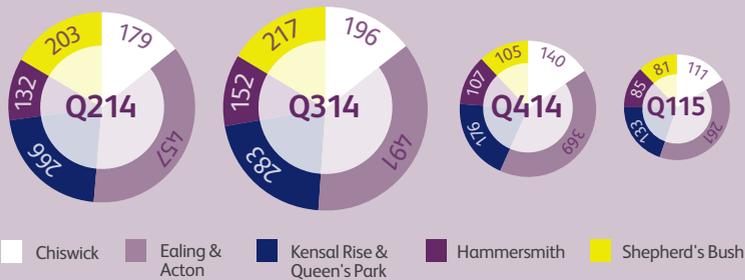
WEST LONDON MARKET OVERVIEW

RISE IN AVERAGE VALUES SINCE THE 2010 ELECTION



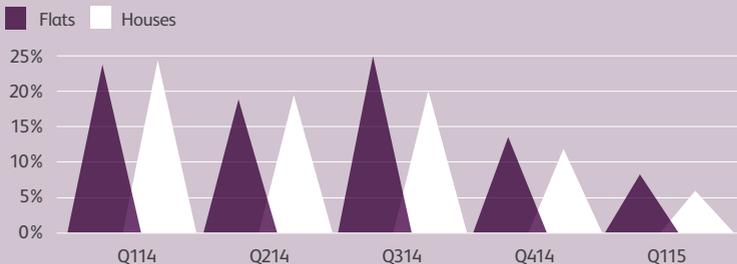
Source: Land Registry, rise in average values between Jan–May 2010 and Q1 2015

TRANSACTIONS ACROSS WEST LONDON



Source: Land Registry, NB Q1 2015 figures may be revised due to lag in transactions recorded at Land Registry

ANNUAL CHANGE IN AVERAGE SALES PRICES ACROSS WEST LONDON



Source: Land Registry, excluding new build properties

CONSERVATIVE MANIFESTO PLEDGES FOR HOUSING

200,000 new starter homes for first time buyers under 40 at 20% discount

£1 billion brownfield regeneration for 400,000 homes

Help to Buy ISAs launched

Help to Buy equity loan scheme extended to 2020

Right to Buy increased to 1.3 million homes in England

Flexibility for Local Authorities to borrow to build affordable and council housing

WEST LONDON LETTINGS MARKET

The rental market across some parts of West London has been more subdued than usual but this is understandable during an election year. However, with the Conservative win eradicating the threat of rent controls and re-energising the market, demand should strengthen over the summer months and we anticipate increased activity levels.

HAMMERSMITH

In Hammersmith, the rental market has seen a reasonably good balance between supply and demand so far this year. Rental values for flats have seen a 5.4% rise, which is higher than the 0.9% increase in the average rent of houses, since the second half of last year. Going forward we expect moderate increases in rents over the remainder of 2015 and into 2016 as those who cannot afford to buy are pushed into the rental market.

SHEPHERD'S BUSH

The lettings market in Shepherd's Bush saw demand levels rise over the course of the first quarter. March was a particularly strong month, with more tenants registering than in the first two months combined. As a result, the area experienced modest increases in average rental values over the quarter, with flats rising by 0.5% and houses by 0.9%. Although the market was quieter during the holiday period in April,

demand is likely to continue to build over the second quarter.

CHISWICK

The rental market in Chiswick has been fairly steady this year. Demand has been boosted by nearby Chiswick Park, where up to 12,000 workers will be located once the final building is occupied. We are experiencing particularly strong demand from corporate tenants for new build flats at nearby Chiswick Point.

EALING & ACTON

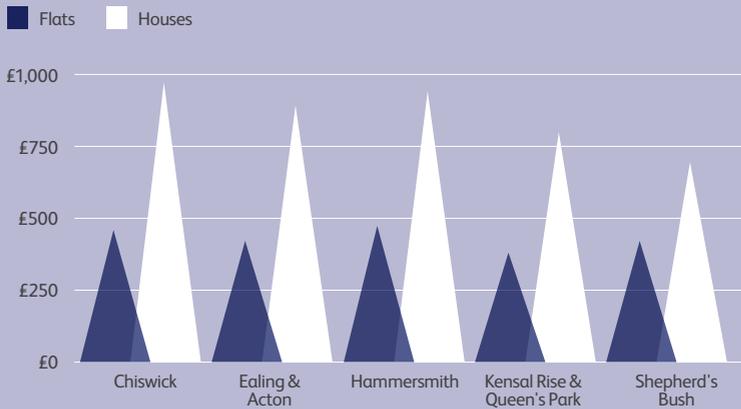
The first quarter was very busy for the lettings team in Ealing and Acton, with good levels of tenant demand and stock. Average rental values continued to rise (although at a more steady rate compared to the end of 2014) and are now 4% higher than in the first quarter of 2014. Demand weakened significantly in the run-up to the election but with the busiest season approaching, we anticipate both demand and rental values building as the year progresses.

KENSAL RISE & QUEEN'S PARK

The first quarter of 2015 has not been as strong as previous years, as landlords awaited the election results before listing properties. At the same time, demand levels have been affected by persistently low interest and mortgage rates attracting would-be tenants into home ownership. That said, steady demand for smaller flats up to three bedrooms has supported an increase in rental values of around 4% over the past year and we expect rents to rise further as the market picks up over the summer.

WEST LONDON LETTINGS MARKET OVERVIEW

AVERAGE RENTAL VALUE PER WEEK ACROSS WEST LONDON IN Q1 2015



Source: Lonres

TWENTY YEAR CHANGE IN AVERAGE SALES PRICES AND RENTS
IN WEST LONDON



Source: Winkworth and Land Registry

KEY FINDINGS

£519 PER WEEK
average rental
value across
West London

Q1 2015
LONRES

16%
rise in buy-to-let
lending

February 2015 compared
to February 2014, UK
COUNCIL OF MORTGAGE LENDERS

87.2%
increase in
average rents
across West London

over the last 20 years
WINKWORTH

31%
of households live in
private rented sector
across West London

2011 CENSUS

WE'VE GOT WEST LONDON COVERED

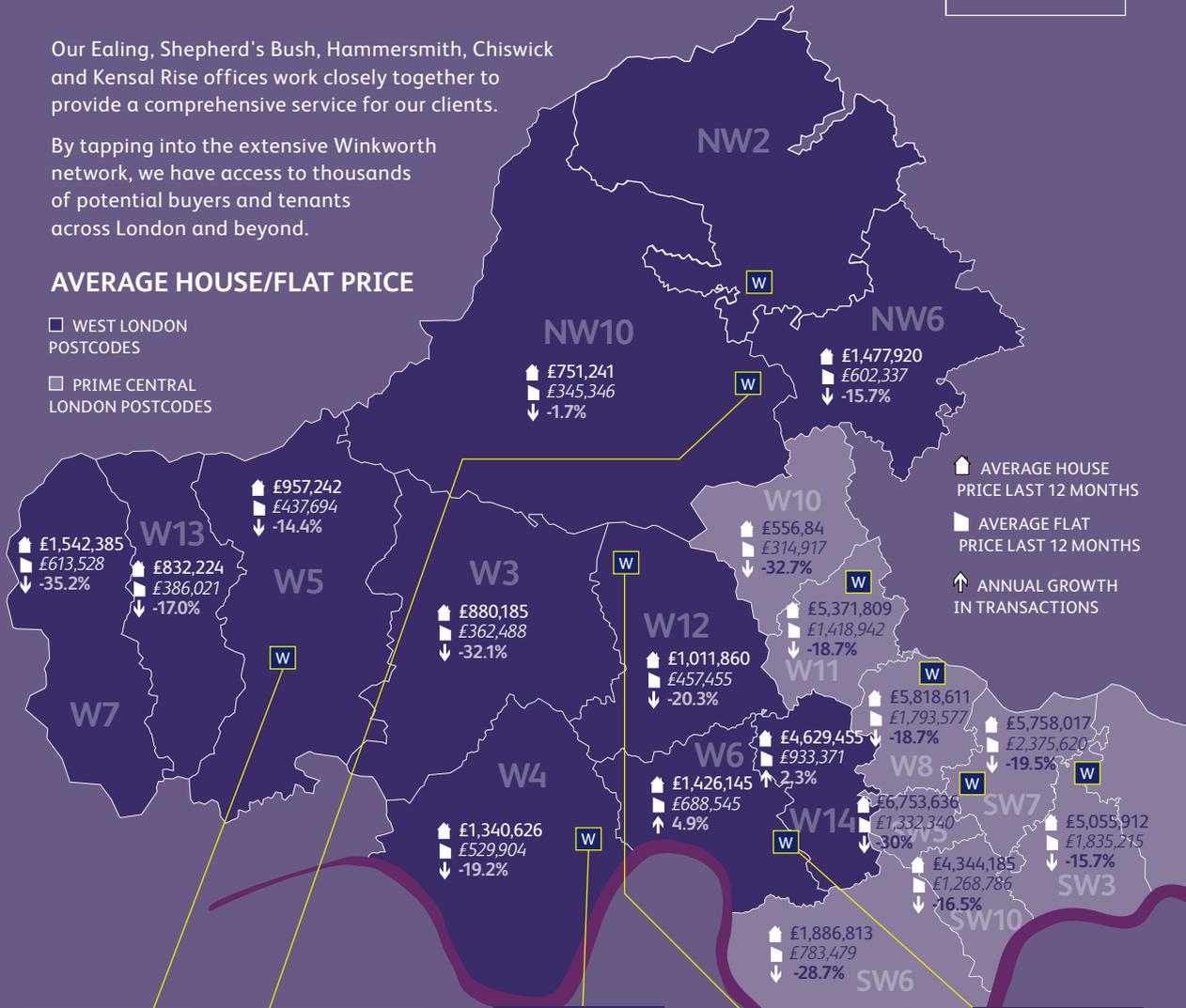
Winkworth

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

- W WEST LONDON POSTCODES
- W PRIME CENTRAL LONDON POSTCODES



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