



WETHERELL MAYFAIR

MARKET REPORT

NOVEMBER 2014

674

NEW PRIVATE UNITS
COMPLETED IN MAYFAIR
SINCE 1994.

447 UNITS

IN CURRENT PLANNING
PIPELINE.

OVER 100%

£ PER SQUARE FOOT PREMIUM
NOW ON NEW BUILD VERSUS
SECOND HAND APARTMENTS.

18%

INCREASE IN RESIDENTIAL
ADDRESSES IN MAYFAIR OVER
THE LAST 20 YEARS.

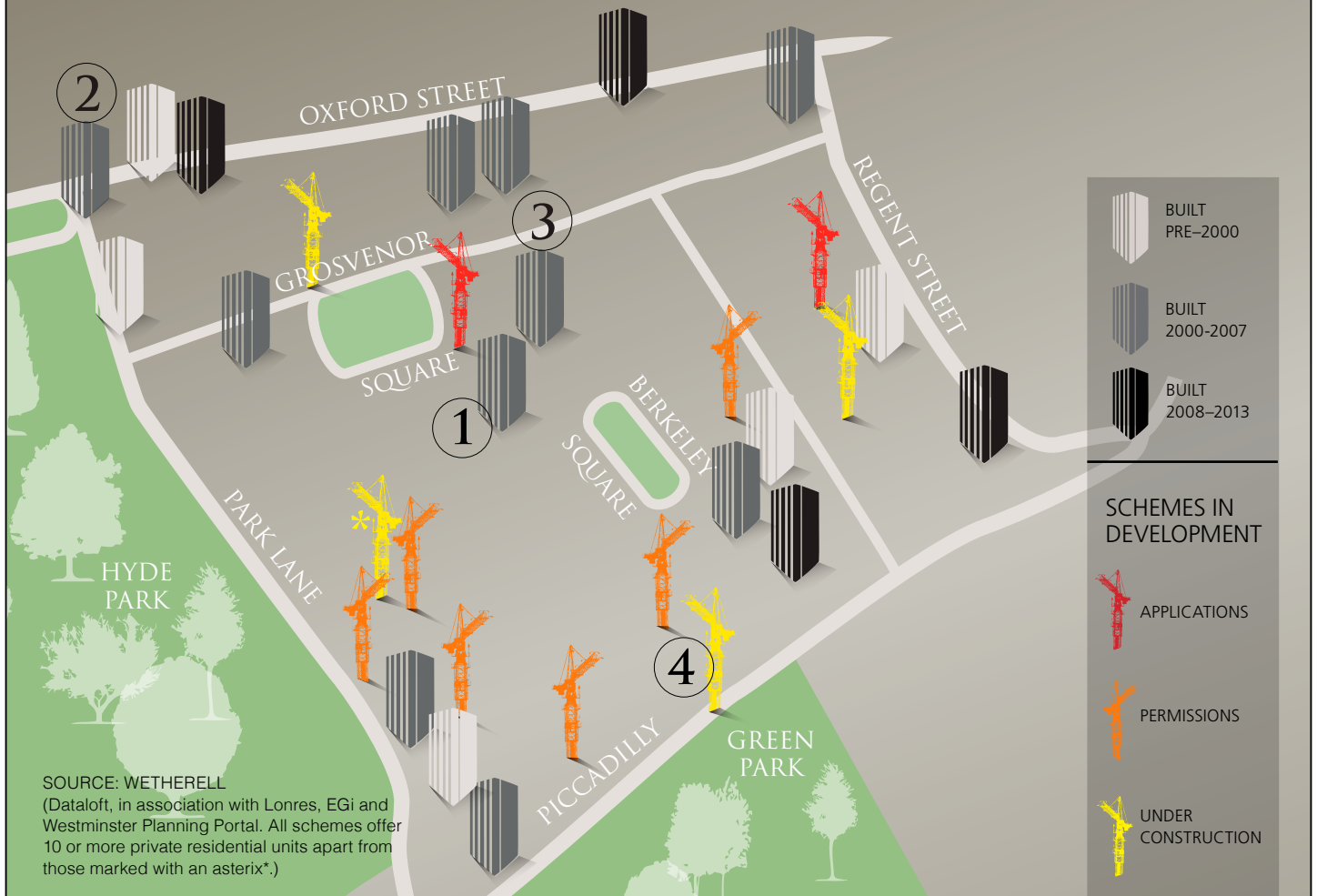
THE RISE OF NEW DEVELOPMENTS

BRINGING RESIDENTIAL LIFE BACK TO MAYFAIR

MAYFAIR'S CHANGING LANDSCAPE



WETHERELL
MAYFAIR'S FINEST PROPERTIES



PICTURE MAYFAIR, AND IMAGES SAIL INTO MIND OF ITS ELEGANT ARCHITECTURE, BEAUTIFUL GARDEN SQUARES AND SWEEPING AVENUES DOTTED WITH ART GALLERIES AND BOUTIQUE EATERIES. HOWEVER, AS THIS REPORT EXPLORES, COULD ONE OF LONDON'S MOST EXCLUSIVE ENCLAVES BE ABOUT TO ENTER ITS MOST SIGNIFICANT PERIOD OF EVOLUTION?



INCREASE IN PREMIUM FOR NEW MAYFAIR DEVELOPMENTS

①

1 CARLOS PLACE



| | |
|--------------------------------|------|
| UNITS | 11 |
| YEAR COMPLETED | 2000 |
| AVE £ PER SQ FT | £726 |
| PREMIUM OVER EXISTING HOMES | 27% |

- Elegant terracotta red brick façade with lavish Portland stone dressings and slate roofs
- Uniform desk porter
- Excellent communal areas
- Exclusive location in the heart of Mayfair

②

PARK LANE PLACE



| | |
|--------------------------------|--------|
| UNITS | 18 |
| YEAR COMPLETED | 2002 |
| AVE £ PER SQ FT | £1,020 |
| PREMIUM OVER EXISTING HOMES | 44% |

- Impressive Neo-classical listed building in sought after address
- Stunning views of Hyde Park
- Dedicated private entrance
- Membership to the exclusive 5 star Marriott Hotel health and leisure club (including pool and gym)
- Opportunity of arranging room service and concierge services from hotel
- Air-conditioned
- 24 hour concierge and porter services
- Secure private underground parking and storage

③

21 DAVIES STREET

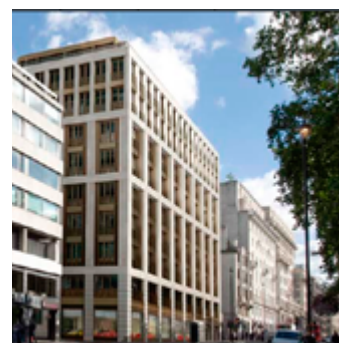


| | |
|--------------------------------|--------|
| UNITS | 14 |
| YEAR COMPLETED | 2004 |
| AVE £ PER SQ FT | £1,331 |
| PREMIUM OVER EXISTING HOMES | 74% |

- An award-winning Capital & City development
- Designed by renowned architect KPF
- Traditional materials and meticulous craftsmanship, combined with the design, finish and technology of the finest standard
- Luxury retail outlets on ground level: the Gagosian Gallery and renowned restaurant 'C'
- Spectacular barrel vaulted entrance halls
- Air-conditioned
- Private balconies
- 24 hour concierge and porter services
- Secure private underground parking and storage

④

CLARGES MAYFAIR



| | |
|--------------------------------|--------|
| UNITS | 18 |
| YEAR COMPLETED | 2017 |
| AVE £ PER SQ FT | £4,750 |
| PREMIUM OVER EXISTING HOMES | 107% |

- The landmark building has been designed by Squire and Partners architects and Martin Kemp Design are leading the interior design for the apartments
- The quality of its design sets a new international benchmark for residential development in London
- Panoramic views
- Private "wellness spa"
- 25m swimming pool
- Gymnasium
- Sauna
- Private cinema room
- Full lifestyle services
- Air-conditioned
- Private in and out driveway
- 24 hour concierge and porter services
- Secure private underground parking and storage

THROUGH BEING INVOLVED IN ALL OF THESE DEVELOPMENTS, WE HAVE OBSERVED THAT ALTHOUGH MAYFAIR HAS ALWAYS CATERED FOR THE DEMANDS OF THE ULTRA-WEALTHY OVER THE YEARS, THE SPECIFICATION OF NEW BUILD DEVELOPMENTS HAS REACHED NEW LEVELS.



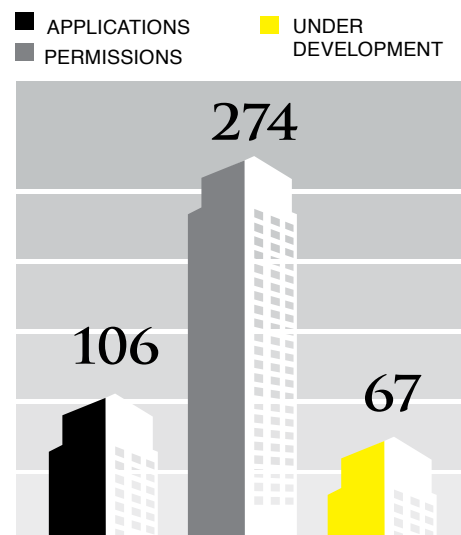
THE EVOLUTION OF MAYFAIR

THE DEVELOPMENT MARKET IN MAYFAIR HAS EXPLODED INTO LIFE RECENTLY AND THE EXCEPTIONAL SPECIFICATIONS OF THE PROPERTIES ON OFFER MEAN THAT, FOR THE FIRST TIME, THE £ PER SQUARE FOOT PREMIUM FOR NEW BUILD VERSUS SECOND HAND APARTMENT SALES HAS RISEN TO OVER 100%.

Over the past 20 years, development activity has been scarce across the neighbourhood. However, this is all due to change. Since 1994 there have only been 674 new private units completed in Mayfair. There are currently 447 units in the planning pipeline. The size of the developments are increasing too. 82% of completed schemes between 1994

and 2014 consisted of less than 10 units. While small-scale development remains at the heart of this area, there are now 11 more substantial schemes planned. These developments are set to create new pricing benchmarks for the area, which will potentially exceed record prices achieved in other areas of prime central London.

NUMBER OF UNITS IN DEVELOPMENT PIPELINE



SOURCE: EGI, WESTMINSTER PLANNING PORTAL, LONRES



BRINGING RESIDENTIAL LIFE BACK TO MAYFAIR



THE HISTORY OF MAYFAIR'S DEVELOPMENT MARKET

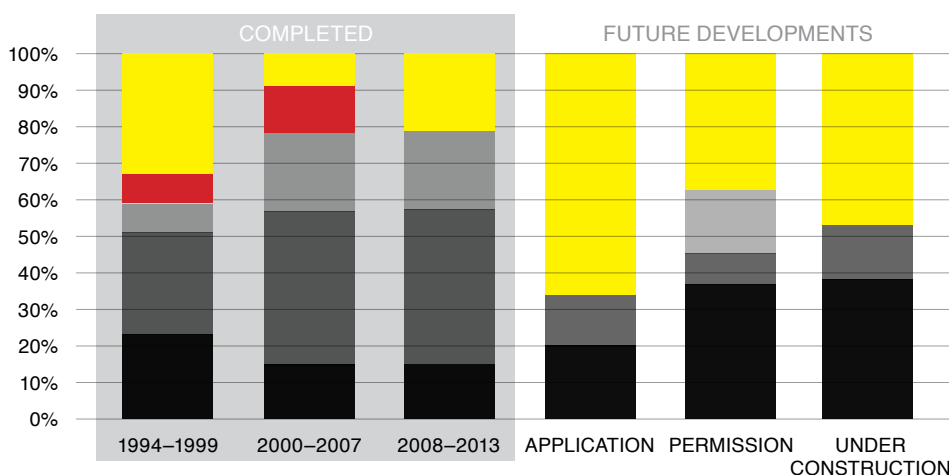
Post World War II, any development activity within Mayfair was primarily residential to office conversions, as the upper classes moved out of central London and businesses moved in. With a daytime population of 79,981 compared to a resident population of just 4,694, commercial interests still dominate.

However, over the last 20 years, this trend has reversed, with long office leases coming to an end and properties returning to their original use as homes for the wealthy. Of the 52 new developments that were completed between 1994 and 2006, 79% contained

CHANGE IN PROPORTION OF UNITS IN SCHEMES

NUMBER OF UNITS

0-5 6-10 11-15 16-20 20+



SOURCE: EGI, WESTMINSTER PLANNING PORTAL, LONRES

less than 10 units. Between them, 69% were refurbishments of existing properties, with the majority being office to residential conversions.

Not all developments brought to market have been for private sale. Grosvenor owns a significant proportion of the freeholds in Mayfair and, as a result, larger developments in the area over the last 20 years have provided additional residential units that have been a mix of units for private sale and rental use. Indeed, schemes like Peterson House (W1K 5HE) have been completed by the estate with the sole intention of adding to their rental portfolio in the area. This is understandable given that average weekly rents across Mayfair are 91% higher than they were in 2005 (compared to a 73% rise in Knightsbridge).

SIZE OF DEVELOPMENTS INCREASING

Since 1994, 674 new residential units have been brought to market, an average of 35 per year, adding 18% to the available residential stock across the borough. At present there are 447 new units within the pipeline, which will create 1.5 million square foot of new residential space. While these

figures may astound, this new build activity will only add an additional 9% of residential dwellings over the next 10 years. **The biggest change seen is in the size and specification of the developments.**

The volume of larger schemes currently under construction and in the planning pipeline across Mayfair marks a significant departure from previous development activity. While still considered small schemes in a wider London context, these developments will enable Mayfair to deliver the facilities and floor space required to appeal to buyers at the very top end of the London market.

All schemes completed in Mayfair over the last five years have supplied less than 15 units each. The current planning pipeline indicates that over 60% of all new units planned for the area are contained within 11 development schemes.

There are an average of 25 units in these schemes and, if completed as planned, will bring to the market 283 new units. Of the 11 schemes, nine (82%) are new build, with two new but behind a retained façade. Within the pipeline, there is a move to larger units with a greater number of three plus bedroom apartments coming to the market than are proportionately sold. This is indicative of the uber-prime nature of these developments.



THE RISE OF THE ULTRA-PRIME NEW BUILD

This aerial picture of Mayfair shows the CGI of Clarges Mayfair.

DEVELOPERS IN MAYFAIR ARE DESIGNING PROPERTIES FOR THE ULTRA-LUXURY END OF THE MARKET. AS A RESULT, THE PREMIUM FOR NEW HOMES OVER EXISTING MAYFAIR PROPERTIES HAS INCREASED. WITH MORE HIGH PROFILE SCHEMES IN THE PIPELINE, THE UPWARD SHIFT LOOKS SET TO CONTINUE, WITH PRICES PER SQUARE FOOT THAT COULD RIVAL SCHEMES SUCH AS ONE HYDE PARK.

THE WIDENING GAP BETWEEN NEW BUILD AND SECOND HAND APARTMENTS

Like the fine art on display in many Mayfair windows, new build properties have been a rare commodity in the area. As a result, they have achieved a significant £ per square foot premium when compared to existing apartment sales for a number of years. Indeed, the gap is widening all the time.

In 2000, the Carlos Place scheme commanded £ per square foot values of 27% over re-sale apartment sales. By 2004, the 21 Davis Street scheme attracted over a 70% premium, and schemes currently under construction could attract values of around double those of re-sale apartments. The recently completed Mayfair Chambers achieved in excess of £3,500 per square foot, 80% above the average for existing homes sold so far this year.



BRINGING RESIDENTIAL LIFE BACK TO MAYFAIR

THE ONES TO WATCH

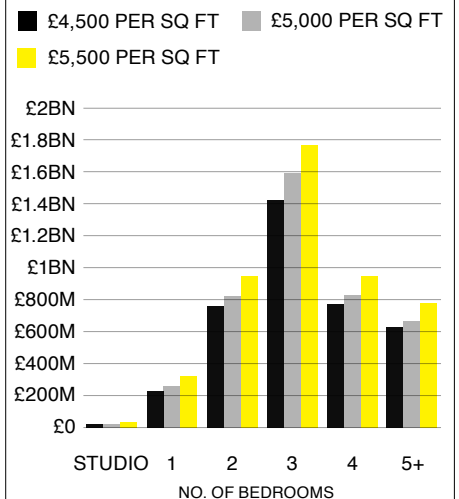
The most highly anticipated schemes currently within the development pipeline all revolve around one of Mayfair's most prestigious squares. Grosvenor Square has, until recently, been dominated by Embassies. However, with staff set to relocate, plans are afoot to make the square once again the most desirable address in central London. As well as the site of the US Embassy, which has yet to enter the planning process, the redevelopment of the former US Navy headquarters is underway and the Lohda group have submitted an application to create 41 apartments on the site of the Canadian Embassy. Over the last year, 30 apartments have been sold across Mayfair with three or more bedrooms at an average size of 2,169 square feet. 61% of the apartments (25) on the Canadian Embassy site will boast three or more bedrooms, 10 will command five bedrooms and one, six bedrooms. Occupying over 160,000 square foot, these 41 apartments will be significantly larger than those

currently for sale and are sure to set a new ceiling for development in Mayfair.

Another development to look out for is 77 South Audley Street. Currently under construction (due to complete in 2016), and designed by architects Squire and Partners, it was originally conceived as offices but changed to residential use. There will be seven apartments (two duplex, four lateral and one penthouse) with an average size of 3,935 square foot. With its own private spa and swimming pool, a dramatic entrance hallway and garaging and storage spaces, it is a prime example of the new breed of Mayfair properties.

And what of their value? Based on estimates of achieving between £4,500 and £5,500 per square foot for these new developments, Mayfair is set to benefit from between £3.7 billion to £4.5 billion of development revenue. That is equivalent to the total value of all Greater London property sales in June 2014* (Land Registry).

PROJECTED VALUE OF DEVELOPMENT PIPELINE



SOURCE: EGI, WESTMINSTER PLANNING PORTAL, LONRES

DEVELOPERS OPERATING IN MAYFAIR

Amazon • British Land • Brockton Capital
Caudwell Properties • Derwent • Earlcrown
Finchatton • Glebe • Grosvenor • Land Securities
Lodha • Luxlo • McLaren • Motcomb Estates
Native Land • Oakmayne Bespoke

*NB. Based on the number of transactions in Greater London, and average house prices in Greater London in June 2014.

£4 BILLION PLUS MAYFAIR DEVELOPMENT IN THE PLANNING PIPELINE





NO-ONE KNOWS MAYFAIR BETTER THAN WETHERELL



Peter Wetherell FRICS FNAEA MARLA

Wetherell specialises in residential sales, lettings and development business in the Mayfair & St James's locations of central London. Wetherell are specialists in residential development consultancy and advisory; development land acquisition and disposal; investment acquisition and disposal, new homes marketing and Mayfair sales and lettings of residential property.

Wetherell are Mayfair's leading estate agents and have widespread experience in the West End market and specifically Mayfair & St James's, advising a range of domestic and international clients on residential development land, mixed use development, investment property and Mayfair sales and lettings. Wetherell have acted for Grosvenor, Land Securities, British Land and Luxlo on substantial residential schemes in Mayfair.

Peter Wetherell has had a personal involvement in the investment, development or project marketing of the majority of residential development schemes in Mayfair and since 1990 has sold over 100 commercial buildings reverting back to their original residential use.

EXECUTIVE SUMMARY

- Mayfair's development market is booming, with 447 additional units in the current planning pipeline compared to 674 units completed since 1994.
- Historically development across Mayfair has been small scale, with all schemes completed over the last five years offering less than 15 new units. 1.5 million square foot of new residential space is now under development, with over 60% of all new units contained within 11 schemes.
- Just over 50% of new units in the planning pipeline offer three or more bedrooms.
- The premium between new build and second hand apartments has now reached a new level with some luxury new builds achieving over a 100% premium.
- Award winning landmark developments with quality design and meticulous craftsmanship, combined with state of the art leisure and technological facilities are pushing the specifications for new build apartments to new levels.
- Mayfair is set to benefit from between £3.7 billion and £4.5 billion of development revenue, based on conservative estimates for sales values of between £4,500 and £5,500 per square foot.



102 Mount Street, London W1K 2TH

SALES

020 7529 5566

sales@wetherell.co.uk

RENTALS

020 7529 5588

rentals@wetherell.co.uk

wetherell.co.uk

This analysis was undertaken by market intelligence group DataLoft using EGI (London Residential Research database), Lonres, City of Westminster Planning Portal data and local market intelligence. The Mayfair area is defined as W1J, W1K and W1S. November 2014.



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