

HAMPSTEAD MARKET INSIGHT 2016

Activity in the Hampstead property market is increasing after a subdued two-year period, as Aree Rand tells Tom Bill

Hampstead is London's highest-value residential property market outside the central postcodes.

In addition to some of the country's best schools, a key selling point is its large houses and secluded gardens.

However, these attributes, which make it popular with a wide variety of buyers including bankers, footballers and media figures, have left it more exposed to recent headwinds in the prime London property market.

Transactions above £1 million in London have weakened against the backdrop of rising stamp duty over the last two years. Vendors have been reluctant to lower asking prices to reflect higher transaction costs, which has led to a stand-off with price-sensitive buyers.

Vendors are now showing more flexibility with asking prices but this process has taken longer in Hampstead due to the higher values involved and the typically discretionary nature of vendors in the area.

While 60% of transactions in Hampstead exceeded £1,000 per square foot in the year to April 2016, the equivalent figure in the south-west London areas of Barnes, Chiswick, Richmond, Wandsworth and Wimbledon was 26%. Accordingly, transactions in Hampstead fell -13.4% compared to the same period in 2015, while there were rises of 5% in Chiswick and 0.7% in Barnes.

Though Hampstead is only four miles from central London, south-west London has been a bigger beneficiary as demand among families has pushed outwards from the centre as they look for better value.

While 13% of buyers in south-west London moved from prime central London in the two years to June 2016, the figure was 9.3% in Hampstead.

However, growing vendor flexibility in the face of these headwinds means activity is rising,

FIGURE 1
Property prices in Hampstead and surrounding areas
Average price, 12 months to April 2016

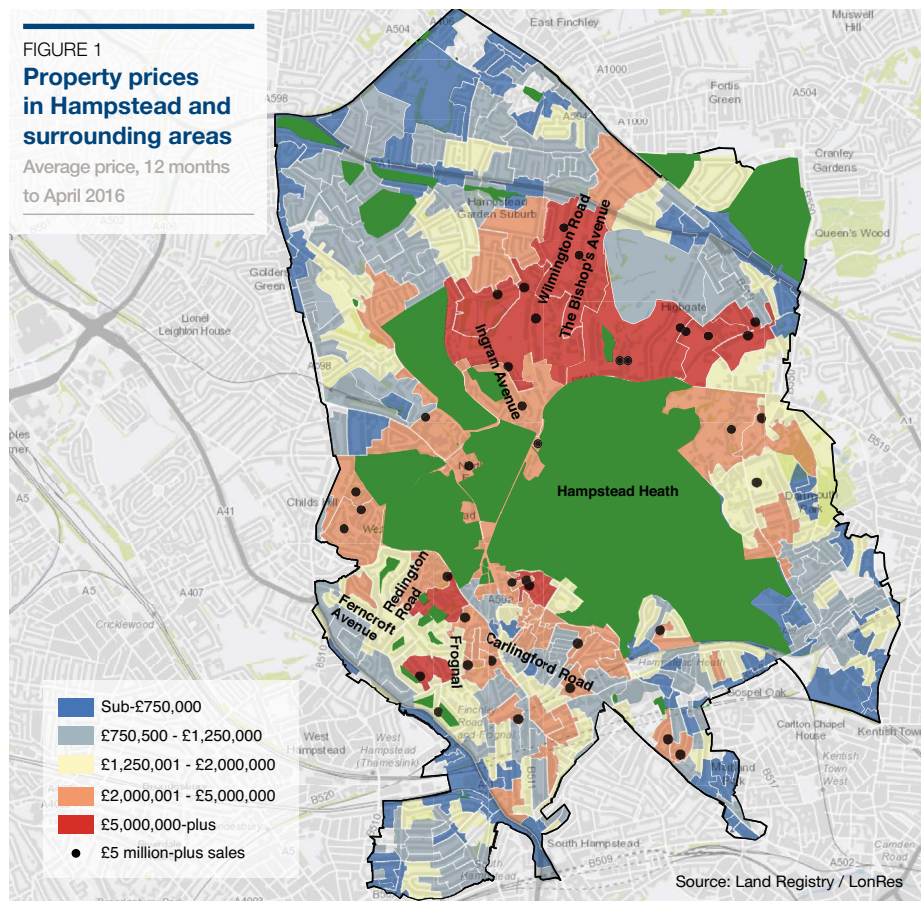
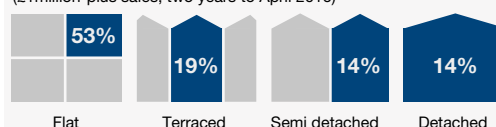


FIGURE 2 Hampstead fact sheet

- 3.2%** Annual growth in the year to July 2016
- 20.1%** Price growth in the five years to July 2016
- 4.5%** Hampstead's share of London's £10 million-plus market in the year to July 2016
- 10.9%** Increase in viewing levels between January and July 2016 versus 2015

Blue Plaques
John Constable Painter
Richard Burton Actor

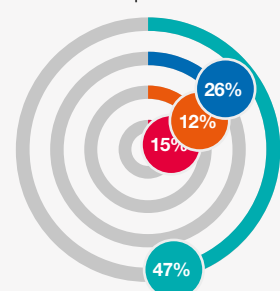
PROPERTY TYPE
(£1million-plus sales, two years to April 2016)



Population: 36,207 (Area above)

AGE OF HOUSING STOCK

- Pre-1900 (Teal)
- 1900-1939 (Blue)
- 1945-1972 (Orange)
- 1973-present (Red)



Source: Knight Frank Research

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a process likely to be accelerated by the EU referendum result, said Aree Rand, Knight Frank's office head in Hampstead.

"The Brexit vote has focussed minds. As a rule, Hampstead vendors are not desperate to sell but they are lowering asking prices more readily, which will create momentum," he said.

Underlining the potential strength of this increase in activity, viewing levels between January and July 2016 rose 10.9% compared to the same period in 2015.

Aree Rand, Knight Frank Hampstead office head

"At the higher end of the Hampstead market, everyone knows The Bishop's Avenue and the current development works will produce some interesting opportunities. Meanwhile, demand is widening to nearby Winnington Road, where prices range from £1,500 to £1,600 per square foot, and Ingram Avenue, between £1,400 and £1,500.

Between £1,050 and £1,150 per square foot, Rosecroft, Hollycroft and Ferncroft Avenues are popular with domestic buyers who want a garden and access to a top school.

Closer to the village is the beautiful Redington Road, where prices range between £1,100 and £1,200 per square foot. Other roads in demand among downsizers and young couples include Pilgrim's Lane, Carlingford Road, Denning Road and Frogna. They are also very well-placed for Belsize Park and have a buzzy atmosphere.

The Mount Vernon development remains very popular among downsizers because you can get two to three thousand square feet of lateral space with 24 hour security, underground parking and leisure facilities. A more modern version of this will be the Hampstead Manor development in 2017."

FIGURE 3
Price growth
January 2011 to April
2016, versus area
average

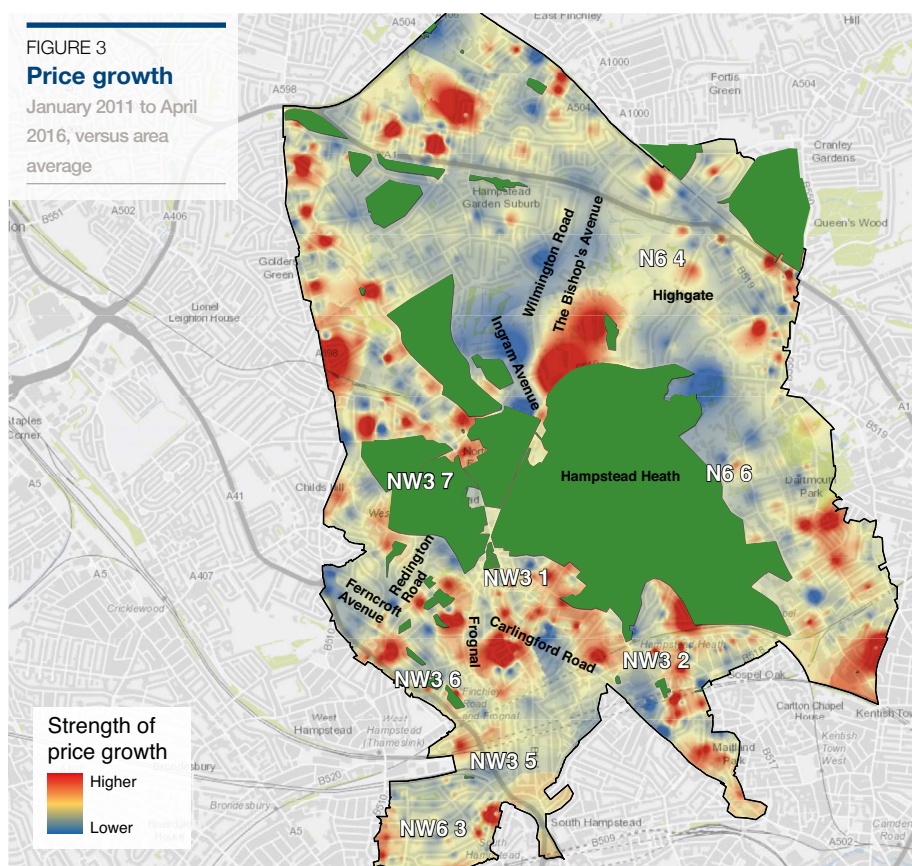
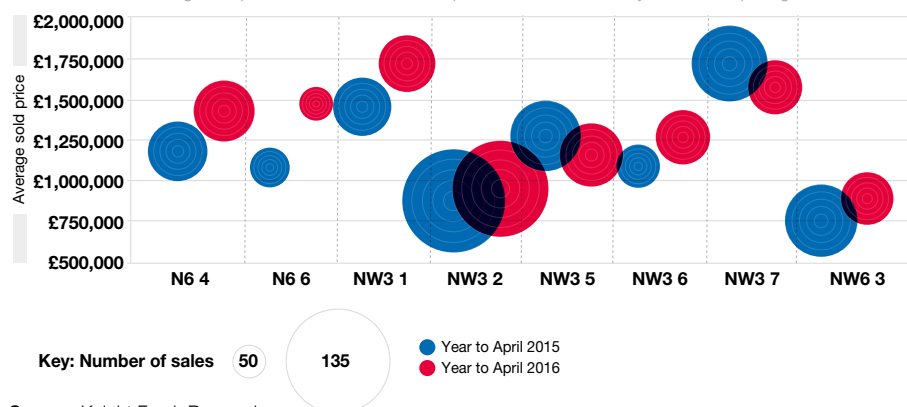


FIGURE 4
Average sold prices and sales volumes by neighbourhood

Note: Variations in average sold prices between different time periods are not necessarily indicative of price growth



Source: Knight Frank Research

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