

RESIDENTIAL RESEARCH



SOUTH-WEST LONDON 2015

LONDON MARKET FOCUS



MIGRATION OF BUYERS
FROM CENTRAL LONDON

HOUSEHOLD INCOME
MAP OF LONDON

PRICE PERFORMANCE AND
VALUES PER SQUARE FOOT

SOUTH-WEST LONDON: RIDING THE WAVE

An improving UK economy and a growing number of buyers from central London are underpinning the south-west London residential property market, says Tom Bill

Prosperity has flowed into south-west London for centuries.

As the River Thames winds from central London into the English countryside, it forms a migratory route for those seeking a less metropolitan lifestyle.

Richmond's status as a royal residence, for example, dates back more than 700 years and its grand architecture and large green spaces typify the appeal of the south-west London property market.

For the purposes of this report, south-west London stretches from the comparatively metropolitan areas of Clapham, Wandsworth and Fulham to Wimbledon, Barnes, Chiswick and Richmond in the west.

The flow of wealth has accelerated since the financial crisis due to price growth in prime central London of 53% between March 2009 and the end of 2012, driven by its reputation as a safe-haven investment.

As a result, buyers have increasingly sought more square feet for their money in areas like south-west London. This is particularly

true for UK and European families, typically banking or legal professionals, some of whom have bought south of the River Thames for the first time.

This trend is reinforced by the fact the UK economic recovery has strengthened and activity has increased among buyers in all areas of London.

Prices in south-west London started rising strongly at the start of 2013 and Knight Frank analysis shows 8% of all homes in the borough of Richmond grew in value to surpass £1 million between 2013 and 2014, the highest percentage in England and Wales alongside Kensington & Chelsea. The next two highest boroughs were Westminster and Hammersmith & Fulham (6%).

Internal migration statistics underline the trend. Some 17% of people moving from the prime central London borough of Kensington & Chelsea in the year to June 2013, relocated to Hammersmith & Fulham. The second most popular borough outside central London was Wandsworth (7%).

Over the same period, 35% of people moving from Kensington & Chelsea relocated to the six south-west London boroughs of Hammersmith & Fulham, Wandsworth, Ealing, Merton, Richmond-upon-Thames and Hounslow.

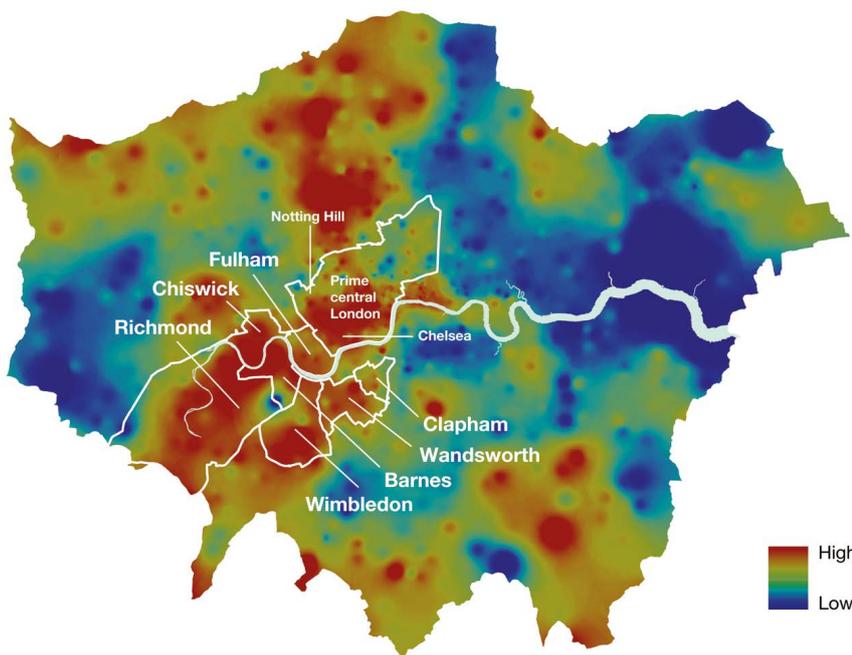
It demonstrates how south-west London remains a significant corridor of affluence, a fact underlined by a Knight Frank map of household income in London (figure 1).

The result is that price growth in south-west London has outperformed both prime central London and the rest of the country since 2013, as figure 2 shows.

While the economic fundamentals are sound, there is a degree of political risk on the horizon, including the prospect of further property taxation after May's general election, which has caused prices to soften in recent months.

This short-term uncertainty means vendors need to be realistic when setting asking prices. In the longer-term, for reasons that date back centuries, the market fundamentals remain sound.

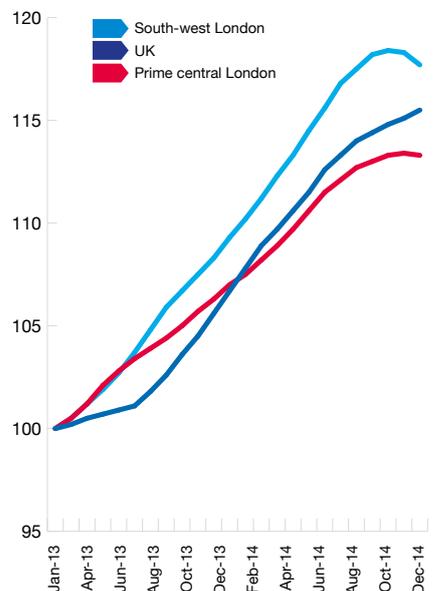
FIGURE 1
London map of average household income in 2014



Source: Knight Frank / Experian

FIGURE 2
South-west London price performance

(Three-month rolling average, rebased to 100)



Source: Knight Frank / Nationwide

BARNES

Population : 54,848 (Knight Frank catchment area)

Price per square foot: £800 to £1,300

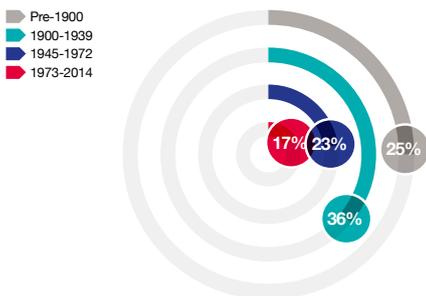
Price growth in 2014: 6%

Barnes to London Waterloo: 20 minutes

Blue Plaques:

Dame Ninette de Valois founder of the Royal Ballet
Henry Fielding novelist

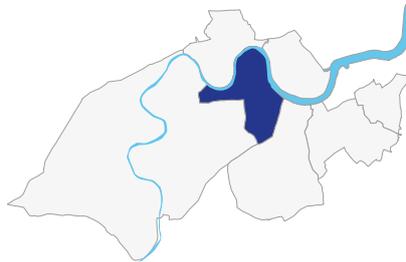
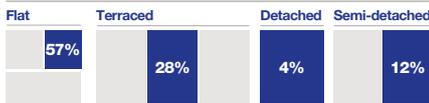
AGE OF HOUSING STOCK



(Source: Knight Frank, Valuation Office Agency)

PROPERTY TYPE

(Source: Land Registry, £750,000-plus sales in 2013/14)



Barnes is popular with south-west London buyers seeking more space for their money than Fulham but who want to be closer to central London than Richmond or Twickenham.

Its inclusion in the London postal district with the SW13 postcode underlines its relative centrality and Barnes is a 20 minute train journey to London Waterloo. A short walk across Hammersmith Bridge is Hammersmith tube station, which is three stops from the central zone 1 area.

Buyers typically move from Holland Park, Kensington and Notting Hill and families in particular are attracted by good schools

like St Paul's, which has one of the country's most successful academic track records.

A third of its housing stock is detached and semi-detached properties, meaning its properties have the same sense of grandeur as areas like Richmond and Wimbledon. Furthermore, 60% of properties pre-date 1939, from eras like the Georgian, Victorian and Edwardian, which are typically in high demand.

Prices range from £800 to £1,300 per square foot and the most in-demand properties are four or five bedroom houses within a 10-minute walk of Barnes Village, which typically range from 2,000 to 3,000 square feet.

Barnes has the highest proportion of independent shops in the UK and, despite its proximity to central London, to the south of Barnes is a 100-acre nature reserve, an area with wildlife found nowhere else in London.

The area's notable former residents include the novelist Henry Fielding and it remains popular among media professionals, actors and singers.

CHISWICK

Population : 62,771

Price per square foot: £800 to £1,300

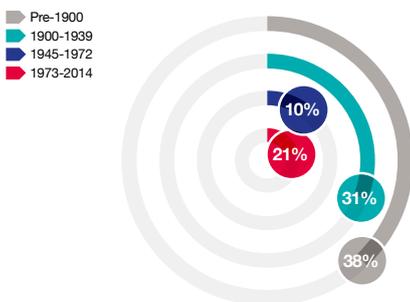
Price growth in 2014: 5.5%

Chiswick to London Waterloo: 27 minutes

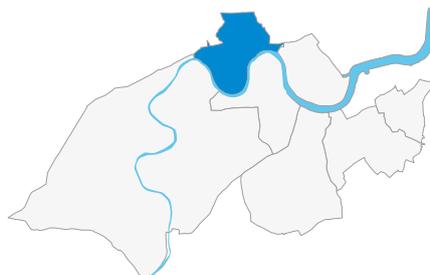
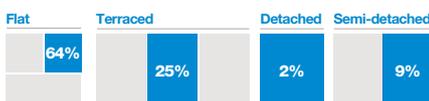
Blue Plaques

Alexander Pope poet
Jack Beresford Olympic rowing champion

AGE OF HOUSING STOCK



PROPERTY TYPE



Buyers moving to Chiswick typically come from the prime central London areas of Chelsea, Notting Hill and Fulham.

The most in-demand properties range from two and three-bedroom cottages in the Glebe Estate for about £1 million to larger five and six bedroom family homes in the Bedford Park area. Prices range from £800 to £1,300 per square foot.

Demand is largely domestic and there are increasing numbers of buyers already living in the area who are taking advantage of price growth that, in similar fashion to the rest of London, has moderated since 2014.

Annual growth was 5.5% in 2014 compared to 5.1% in prime central London.

In addition to bankers and lawyers, Chiswick is popular among media professionals and musicians and Chiswick High Road is home to the Metropolis recording studios.

Furthermore, Chiswick is less than 10 miles from the major international airport of Heathrow, which means demand is strong among airline staff for occupation as well as for investment properties.

In a similar fashion to Barnes, the area is popular among families looking to combine relative proximity to central London, as denoted by its W4 postcode, with more indoor and outdoor space and high-quality schools.

Chiswick High Road contains a mix of high-end independent retail and larger stores and the area has some notable restaurants including La Trompette and Hedone, both of which have Michelin stars.

CLAPHAM

Population : 54,993

Price per square foot: £700 to £1,000

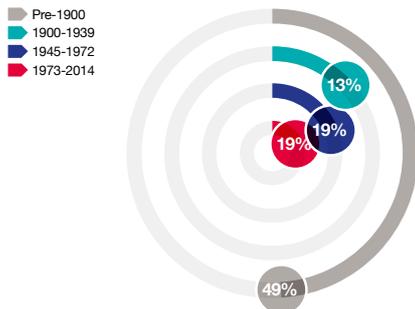
Price growth in 2014: 8%

Clapham Junction to London Waterloo / London Victoria: 8 minutes / 7 minutes

Blue Plaques

John Walter founder of The Times newspaper
William Wilberforce slavery campaigner

AGE OF HOUSING STOCK



PROPERTY TYPE



Clapham has benefitted from growing numbers of buyers looking south of the River Thames due to strong price growth in prime central London since the financial crisis. Prime central London's reputation as a safe-haven investment led to growth of 68% between 2009 and 2014, which means areas like Clapham now provide better value.

As a result, price growth was 8% in 2014, which is strong compared to other longer-established residential markets in south-west London.

Prices range from £700 to £1,000 per square foot, with very few sales that exceed this

upper limit. Though the figure currently remains a barrier for buyers, there are instances of ambitious pricing in excess of £1,000 per square foot that means some vendors struggle to achieve a timely sale.

Un-modernised houses in Clapham Old Town in excess of 3,000 square feet are among the most in-demand properties. Younger buyers are more prevalent in Clapham than other areas of south-west London and typically want to undertake their own renovations. The other popular area is around the 220-acre Clapham Common.

Almost half of the housing stock pre-dates 1900 and Clapham Old Town and Clapham Common contain a mix of Regency, Georgian and Queen Anne homes. A fifth of properties are flats, which are popular with buy-to-let investors, particularly close to the train stations.

Clapham is often synonymous with early signs of gentrification in London but Michelin starred dining and boutique shops show the process is well-advanced.

FULHAM

Population : 99,186

Price per square foot: £850 to £1,200

Price growth in 2014: 1.2%

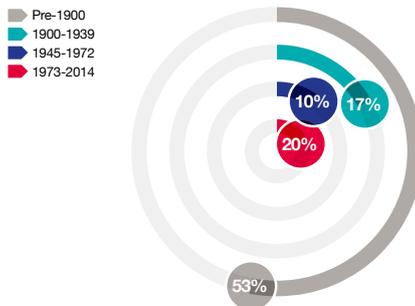
Rental value growth in 2014: 0.4%

Fulham Broadway to London Victoria: 14 mins

Blue Plaques

Gustav Holst composer
Mahatma Gandhi Indian political leader

AGE OF HOUSING STOCK



PROPERTY TYPE



Fulham is well-positioned to take advantage of buyers moving from central London.

It is the first port of call along the corridor of affluence that runs from central London into south-west London. About 60% of buyers through Knight Frank's Fulham office come from Chelsea or South Kensington and the most in-demand area is Parsons Green.

Prices range from £850 to £1,200 per square foot, which represents significant value compared to its neighbour Chelsea, where prices typically exceed £1,800 per square foot.

Buyers include finance and legal professionals and though the majority are

from the UK, the area has also benefitted from a growing number of European buyers, particularly in the family house market. The area has high-quality primary schools and includes the junior 'feeder' school to the French Lycée in South Kensington, which makes it a popular area with French buyers.

Some 44% of properties are flats, which underlines the area's appeal to investors. One and two-bedroom flats are the most in-demand and rental values range between £350 and £600 per week, representing a yield of about 3%.

It is also popular in the sales market for younger buyers, with one-bedroom flats costing upwards of £500,000, which are usually in converted Victorian houses or mansion blocks near Putney Bridge.

As well as quick access to the high-quality restaurants and shops of central London, Fulham is home to the Hurlingham Club, an exclusive sports and social club set in 42 acres of grounds.

RICHMOND

Population : 249,819

Price per square foot: £800 to £1,300

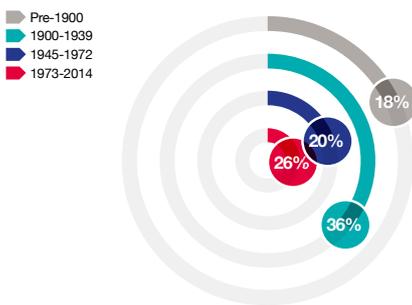
Price growth in 2014: 5%

Richmond to London Waterloo: 19 minutes

Blue Plaques

JMW Turner painter
Sir Christopher Wren architect

AGE OF HOUSING STOCK



PROPERTY TYPE



Richmond's 2,500-acre park and picturesque river views are the principal reasons buyers are attracted to the affluent town eight miles from the centre of London.

Deer have grazed on the park for more than 375 years and Richmond's status as a royal residence dates back more than 700 years.

The result is a predominance of in-demand stately period architecture, which is underlined by the fact it has the highest proportion of detached properties of the seven areas.

St Paul's Cathedral can be seen from Richmond Park, a view that is London's

longest so-called 'protected vista' and the view from Richmond Hill is the only vista in the country protected by an Act of Parliament.

Prices range between £800 and £1,300 per square foot and sale prices are typically higher in the immediate surroundings of Richmond Park, a trend that is particularly marked in the north-west and south-east, and for properties on Richmond Hill with the best views.

Demand comes from a range of sectors including finance, IT and oil and gas and local employers include BP and PayPal.

The strong reputation of Richmond's schools is pivotal for many and primary schools in the borough of Richmond had the highest average score in London for academic achievement during the 2012/13 academic year.

A German school in Petersham and the American International University next to Richmond Park are an added attraction for the growing number of international buyers in the area.

WANDSWORTH

Population : 107,921

Price per square foot: £600 to £1,250

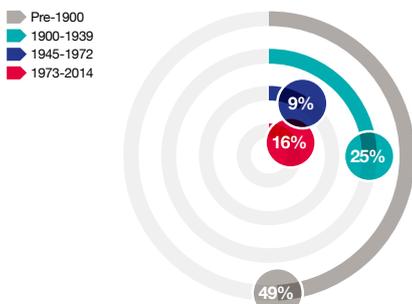
Price growth in 2014: 8.8%

Wandsworth Town to London Waterloo / London Victoria: 14 minutes / 11 minutes

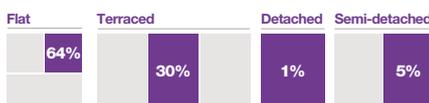
Blue Plaques

Thomas Hardy novelist and poet
David Lloyd George former prime minister

AGE OF HOUSING STOCK



PROPERTY TYPE



Wandsworth has benefitted from a growing number of buyers looking south of the River Thames due to strong price growth in prime central London since the financial crisis. Central London's reputation as a safe-haven investment led to growth of 68% between 2009 and 2014, which means areas like Wandsworth now provide better value.

Annual price growth was 8.8% in 2014, which was the highest figure in south-west London and above the prime central London average of 5.1%.

Victorian family houses on leafy streets are among the most in-demand properties,

particularly between the green expanses of Wandsworth and Clapham Commons. The area has the highest percentage of in-demand pre-1939 properties of the seven south-west London districts.

Buyers are predominantly from the UK, working in finance or law, but there are growing numbers of Italians, French, US, Scandinavian and Chinese buyers as international demand moves south of the river.

Buyers typically come from areas like Chelsea and Fulham and there is a powerful word-of-mouth effect among buyers crossing south of the river. Prices range from £600 to £1,250 per square foot.

The good reputation of its primary schools drives demand, including buyers from Clapham, an area more popular among families with pre-school children.

The prevalence of slightly older families in Wandsworth compared to Clapham is reflected in the high number of boutique shops and the Michelin-starred restaurant Chez Bruce.



WIMBLEDON

Population : 98,588

Price per square foot: £650 to £1,300

Price growth in 2014: 5.8%

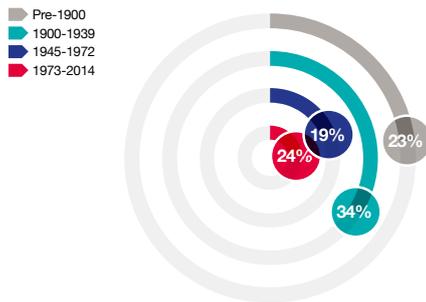
Rental value growth in 2014: 3.2%

Wimbledon to London Waterloo: 17 minutes

Blue Plaques

Dame Margaret Rutherford actress
George Eliot author

AGE OF HOUSING STOCK



PROPERTY TYPE



Wimbledon has more lateral space and larger gardens than many other areas of south-west London, with the second highest proportion of detached properties after Richmond.

Average prices range between £650 and £1,300 per square foot and modernised five and six bedroom houses in or near Wimbledon Village priced between £2 million and £3.5 million are in strong demand. Other in-demand areas include streets close to Wimbledon Common and in Coombe.



Prices have risen steadily in recent years, increasing by 5.8% in 2014, the same figure as the previous year, which exceeded 5.1% in prime central London.

Rental values grew 3.2% in 2014, which outperformed the wider prime outer London market, which fell -0.2%. Growth was on a par with a rise of 3.3% in the resurgent prime central London lettings market.

Overseas demand is buoyed by a Norwegian school, which makes the area popular among oil executives who typically look for four or five bedroom family houses.

There is also international demand in the sales market including strong interest from Chinese buyers, who accounted for a fifth of all sales in 2014, the second highest group behind UK buyers, who represented 63%.

Demand is predominantly related to the quality of the schools in Wimbledon, including King's College School, which has one of the best academic track records in the country. The Wimbledon name also resonates with many overseas buyers because of the world-famous tennis tournament.

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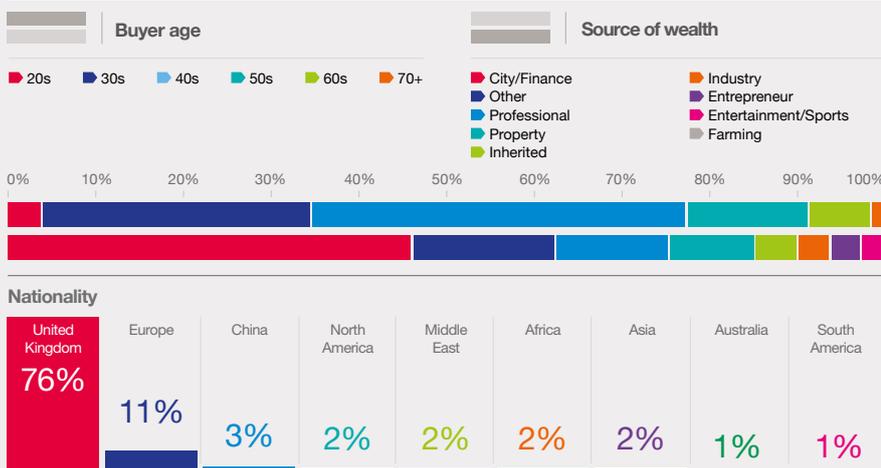


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FIGURE 3

South-west London buyer profile (2013 to 2014)



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