Long overshadowed by its reputation as a transport hub, substantial regeneration has transformed Victoria into a key central London residential neighbourhood.

Indeed, as the current phase of regeneration comes to a conclusion, the connectivity and centrality of Victoria and the wider Westminster area are becoming increasingly recognised as drivers of demand for residential property.

The district is located in the heart of prime central London, close to Belgravia and Mayfair. However, residential prices are pitched at a notable discount relative to its two more established neighbours.

The average price in the area outlined in figure 1 between January and September 2016 was £1,300 per square foot, according to LonRes. This was 47.3% lower than the equivalent figure of £2,469 in Mayfair and 35.1% below the average of £2,004 in Belgravia.

Further underlining the area’s longer-term potential, the maximum achieved price of £2,019 in the same period was 56.5% below the maximum recorded in Mayfair and 63.4% lower than Belgravia.

“Few areas in prime central London offer such good value compared to neighbourhoods that are a five-minute walk away,” said Robert Oatley, Knight Frank’s Victoria and Westminster office head. “There has been a huge amount of investment over the last three years and the smart money has woken up to the area’s potential.”

Two other trends will support demand in Victoria and Westminster. The first relates to the adverse regulatory landscape that has impacted the prime central London market in recent years, including stamp duty hikes in the past 18 months for properties worth more than £1.1 million as well as investment properties and second homes.

As the regeneration of Victoria and Westminster gathers pace, prices increasingly represent good value versus neighbouring areas, as Robert Oatley tells Tom Bill.
As a result, price growth in lower-value areas is outperforming the rest of the market. Annual growth in Victoria of 0.1% in the year to November was higher than the -4.8% registered in prime central London, which includes declines of more than 10% in some neighbourhoods.

Secondly, price-sensitive buyers are less narrowly-focused on particular central London postcodes and increasingly looking for the sort of high-quality developments and amenities on offer in Victoria and Westminster.

The arrival of new offices, shops and restaurants will also support residential prices. An area once famous for its workforce of civil servants and politicians is now the headquarters for companies including Burberry and Rolls Royce as well as Michelin-starred chefs.