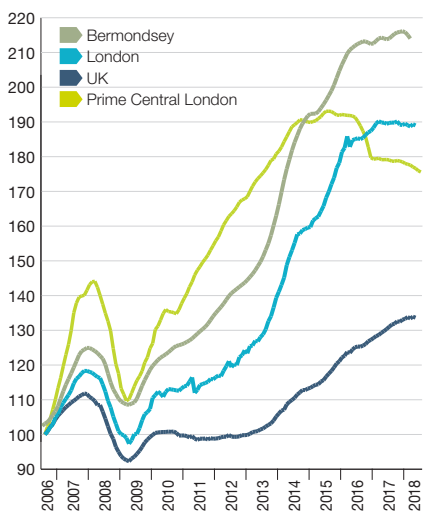


FOCUS ON: BERMONDSEY

2018



FIGURE 1
House prices in
Bermondsey compared
Indexed 100 = 2009



Source: Knight Frank Research/Land Registry

FOCUS ON: BERMONDSEY

Bermondsey is a culinary and cultural focal point surrounded by some of the capital's largest regeneration projects.

Stretching between Borough Market and London Bridge to the west and Canada Water to the east, and covering both SE1 and SE16 postcodes, Bermondsey is just a 20-25 minute walk to the City of London.

It's popularity has been driven by its central location, its thriving culinary and cultural scene and its selection of high quality schools. In Bermondsey there are nine primary schools and four secondary schools rated 'outstanding' by OFSTED, the schools watchdog.

These factors have underpinned house prices, which have climbed 114% since 2006 (figure 1).

House price growth over the coming decades is likely to be further supported

by Bermondsey's position at the heart of a handful of large-scale regeneration projects, which will be accompanied by improvements to the public realm and amenity.

Development

To the north of the district, in the vicinity of Bermondsey Station, five large schemes (60+ units) totaling almost 1,500 units have been granted permission or are in progress (figure 2). These are set to be delivered over the next three to five years.

To the south, the New Bermondsey regeneration scheme surrounding Millwall Football Club will include a creative media quarter, a new overground station, a health complex, and more than 2,000 private homes.

FIGURE 2
Bermondsey Pipeline Projects of 60+ private units within 1.5km of Bermondsey station



*Solely PRS
Source: Molior

At Canada Water, on the eastern fringe, British Land has lodged a planning application for a £4bn development to be delivered over the next decade that will include a new town centre and 3,000 homes.

The project will include 2 million square feet of offices and 1 million square feet of leisure and retail space interspersed with water and green public spaces. A short walk away, Sellar Developments and Notting Hill Genesis are delivering more than 1,000 homes.

One mile to the east of Bermondsey, the Elephant Park mixed-use development is underway, including almost 2,500 new homes and the largest new park in central London for 70 years.

On the southern fringe, the mayor and local authorities plan to transform the Old Kent Road. The Old Kent Road Opportunity Area will include 20,000 new homes, supported by a proposed extension of the Bakerloo Line from Elephant and Castle to Lewisham (figure 2). The council is also seeking to bring a university to the area, alongside a new cultural institution.

These projects form part of a push by the Greater London Authority to address a long-term shortage of homes in the capital. The GLA estimates a minimum of 65,000 new homes are needed per year in order to keep up with demand, yet fewer than 40,000 dwellings were added in 2016/17. In the borough of Southwark, official estimates suggest 3,089 new dwellings are needed every year until 2026 in order to meet demand, while just 2,412 were delivered during 2016/17.

Amenity

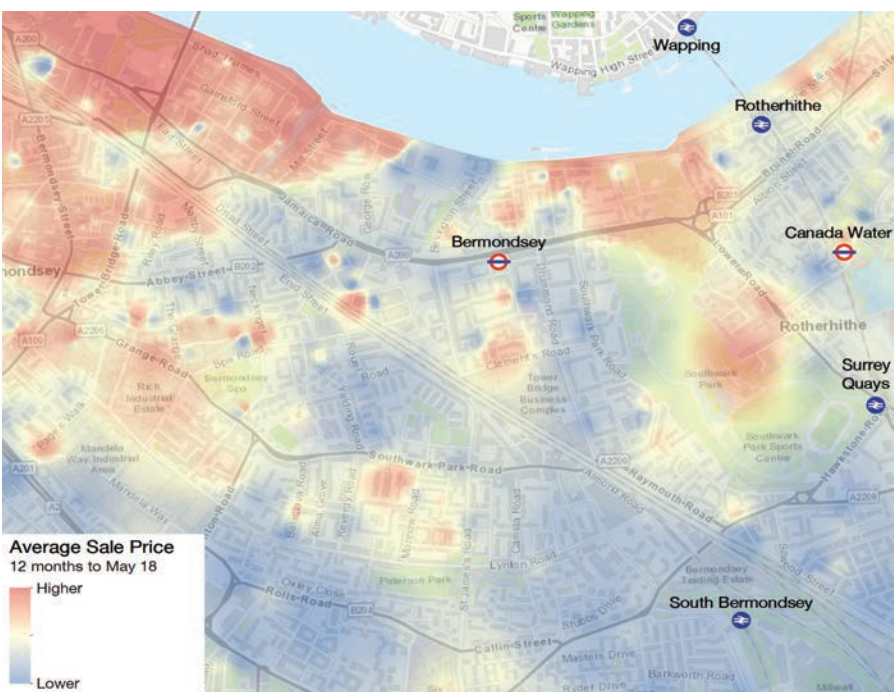
Bermondsey's cultural offering is diverse. The White Cube Gallery, one of Europe's largest commercial galleries, the Fashion and Textile Museum, the only UK museum showcasing contemporary fashion, and 42-seat independent cinema Kino Bermondsey, are all a short walk apart.

In addition, Maltby Street Market is known throughout the capital and is regarded as an alternative attraction to nearby Borough Market. Now synonymous with

the craft drinks industry, a number of micro breweries and gin distilleries occupy the railway arches from South Bermondsey station up to London Bridge station. These factors have steadily brought more visitors to the area, and data from Transport for London shows a 62% increase in entries and exits at Bermondsey tube station between 2007 and 2017.

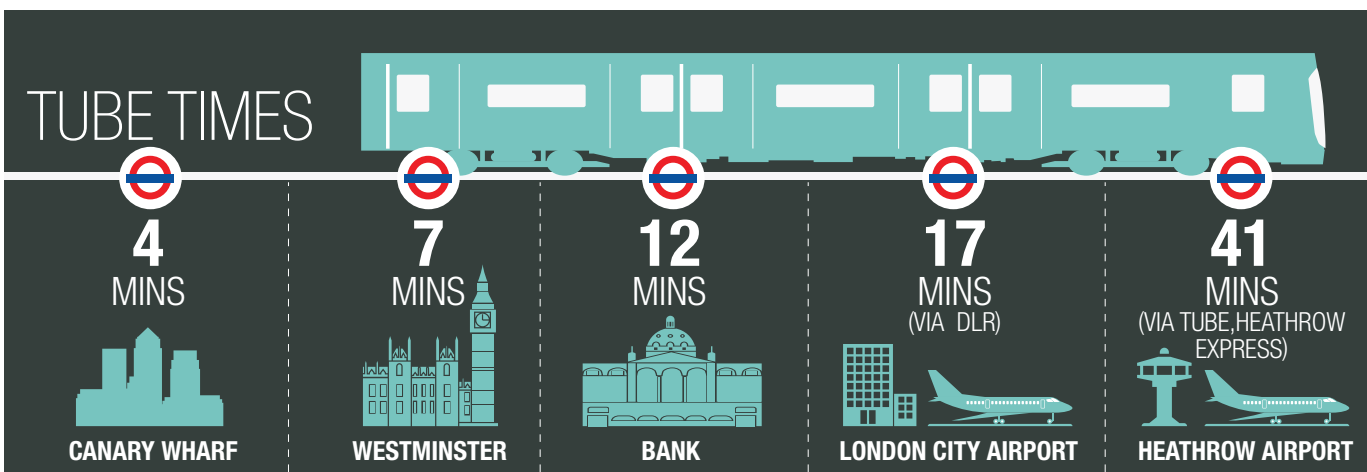
This trend is expected to continue as the area's cultural offering and range of amenity continues to improve.

FIGURE 3 Average resale prices in Bermondsey, year to May 2018



Source: Knight Frank Research/Land Registry

FIGURE 4 Travel times from Bermondsey underground station



Source: Knight Frank Research, TFL

Transport

The Jubilee Line extension in 1999 provided a significant uplift to Bermondsey's transport connectivity. On this line, Canary Wharf is only a four minute journey away, while Westminster and Bank are just seven and 12 minutes away (figure 4). The Jubilee Line is one of five lines now operating a 24 hour service during the weekend.

The Bakerloo Line extension is still at consultancy stage, but has been supported by the Mayor of London. If the new line is approved, construction is scheduled to start in 2023.

Outlook

As Britain begins the process of leaving the EU, the London property market is expected to experience some headwinds as the negotiations progress. However, our latest five-year forecast predicts that average house prices in London will rise by a cumulative 13.1% by 2022.

For the prime London market, higher rates of stamp duty remain the biggest impediment to activity levels, though the higher rates are starting to be reflected in more realistic pricing.

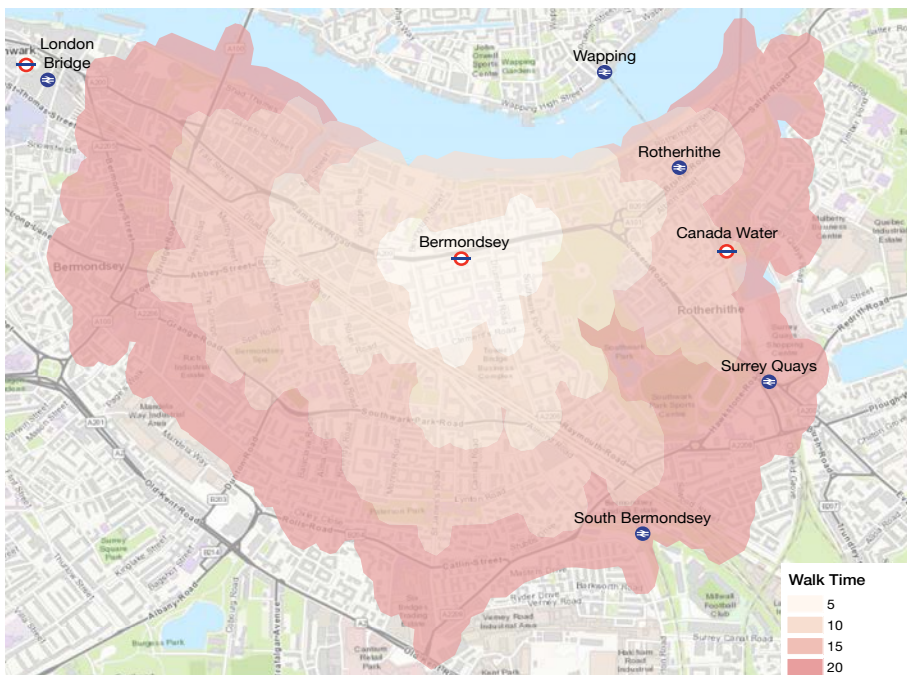
“BERMONDSEY’S POPULARITY HAS BEEN DRIVEN BY ITS PROXIMITY TO THE CITY OF LONDON, ITS THRIVING CULTURAL AND CULINARY SCENE, AND ITS SELECTION OF HIGH QUALITY SCHOOLS.”

Patrick Gower, Associate

patrick.gower@knightfrank.com

If you would like further insight into prime residential markets please feel free to get in touch.

FIGURE 5 **Connectivity: walk-times from Bermondsey underground station**



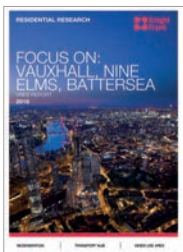
Source: Knight Frank Research

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Get in touch

If you're thinking of buying or selling, or would just like some property advice, please do get in touch.

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