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*Belgravia in focus*

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*Outlook*



# Focus on: Belgravia

2021

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# FIT FOR THE FUTURE

*As central London reopens, innovative and forward-thinking landlords and developers will be key to ensuring the capital remains relevant for post-pandemic living. There are fresh opportunities to shape and revitalise districts, especially where key stakeholders work with developers, to ensure they are relevant for the next decade.*

One area primed for change and renewal is Belgravia. An enclave within central London, Belgravia has seen sporadic opportunity-led development over the past two decades, largely down to its protected status.

Until now, regeneration has focused on the larger surrounding districts of neighbouring Chelsea, Victoria and Mayfair.

But the area, which covers both the City of Westminster and Kensington & Chelsea, is poised to undergo significant transformation,

with several new landmark residential and commercial developments in the pipeline, notably on its four corners, but also across the district itself. A greater mix of uses, encompassing new office, hotel, medical and retail space alongside prime residential, is expected to revitalise and open-up the district post-pandemic.

New development comes as the area is earmarked for further transport improvements. It has always been well-connected with four underground stations at each of its corners – Hyde Park Corner, Knightsbridge, Victoria and

Sloane Square. But it will also benefit from the arrival of a Crossrail 2 station on Lower Belgrave Street. While plans for Crossrail 2 were shelved during the pandemic, the project is still proposed for completion in the 2030s.

Another factor underpinning the value of this neighbourhood is its access to cultural amenities and green space. In total, the political ward of Knightsbridge & Belgravia contains 425 heritage buildings and 24 cultural and social



Knightsbridge Gate, Wilton Place

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The area is poised to undergo a transformation, with several new landmark residential and commercial developments in the pipeline

venues (GLA), including arts, music and live performance venues. As well as Hyde Park, the ward also includes seven other open spaces. In total, the ward of Belgravia alone includes 1m sq ft of green space.

Belgravia’s housing market has also proved more resilient during the pandemic, outperforming Chelsea and Mayfair. Our data shows that average Belgravia house price grew 1% in August on an annual basis. In contrast, house prices in Chelsea were flat, while those in Mayfair fell 2%.

The district’s principle landlord, Grosvenor, has initiated several new landmark projects. They are also working with developers on retained freeholds to help bring forward new schemes. This, in turn, has drawn focus on Belgravia for other developers.

We speak to Grosvenor Belgravia director, Paul O’Grady, on p.4 to find out more about the landlord’s vision for the estate and its management post-pandemic.

Since 2007, our data shows that Belgravia has delivered just 250 new residential units, reflecting its highly protected status, with 90% of the area within a conservation zone and much of it listed. However, over the next 7

years, it is on course to deliver over 477 units, alongside 315,000 sq ft of new commercial property, as a series

of long-running developments come to fruition.

TABLE 1: **BELGRAVIA DEVELOPMENT PIPELINE**

<b>Private residential</b>	477 units
<b>Affordable residential</b>	94 units
<b>Senior Living</b>	170 units
<b>Retail (NIA)</b>	120,000 sq ft
<b>Offices (NIA)</b>	195,000 sq ft

Source: Knight Frank Residential Development Consultancy



**ALEXANDER LEWIS,**  
Knight Frank Residential Development

**THE INSIDE VIEW**

Plans for Belgravia can be seen as a blueprint for how an established central London district can evolve and

remain relevant in a changing world. This district, after relatively little development over the past few years is about to be transformed after many years of work behind the scenes.

In my role at Knight Frank I am privileged to have worked closely with clients including Grosvenor, Peninsula, QD, CIT, Cheval and Native Land in transforming Belgravia. The labour of the last ten years is about to bear fruit. More than that, it is about to transform the region from a seemingly closed and exclusive village to vibrant and open one.

Established residential districts don’t necessarily spring to mind when we think of regeneration zones. However, Belgravia is seeing an unprecedented transformation with a greater mix of property uses set to enhance the area. The transformation of Belgravia will also act as a catalyst to further significant development.

Long term property owners will be looking to take advantage of the transformation of Belgravia by developing their properties to maximum value. Investors should take note.

INTERVIEW

**“OUR VISION IS MAKE SURE PEOPLE CAN RE-DISCOVER BELGRAVIA AND RE-CONNECT WITH THE AREA.”**



**PAUL O'GRADY, GROSVENOR BELGRAVIA DIRECTOR**

**What is your vision for Belgravia?**

Historically, development has been focused on residential, but part of our vision for the estate is to create a district that embraces all uses. This lies at the heart of our ambition for the Cundy Street Quarter which will deliver senior living, private and affordable homes as well as a new retail village centre. Likewise, Newson's Yard will put Pimlico Road firmly at the centre of the London interior design world. Following the success of Eccleston Yards, 7 Holbein Place will be our most sustainable office development ever. And the Cleveland Clinic at 33 Grosvenor Place is London's most state-of-the-art international hospital. Ultimately, through delivering more diversity, our ambition is to make sure more people can discover Belgravia and re-connect with the area.

**What are the key challenges you face?**

Belgravia has always needed careful and considerate management. We have a responsibility to preserve its historic nature and needs of the residents while simultaneously making sure it changes with the times and continues to evolve in a positive and inclusive fashion. Historically it has been quite introspective. The retail catered for those within, with mixed commercial success. There is a strong community in Belgravia which is a massive plus. It is a little village where everyone knows everyone, but over time the permanent

resident population has fallen. In some ways this has led to a perception issue. A lot of people see Belgravia as an exclusive residential district only. As a result, it has been overtaken by development in neighbouring districts, notably Victoria, Knightsbridge and Chelsea.

**Where does the opportunity lie for delivering your vision?**

Belgravia has all the ingredients of being the best district in London: architecture, beautiful streets, boutique retail, transport links, wide streets and green open space. There is no district where an estate has such influence down to the control of the commercial areas. It is really very exciting given the ability Grosvenor has to make such a difference. This really is a golden era for Belgravia. The opportunity for us is to open up Belgravia but in an authentic way. It is not Mayfair and doesn't pretend to be. It is far more discreet – a little hidden gem. But it is now becoming a really exciting part of London for people

to discover. With the significant development that is underway, and a Crossrail 2 station on Lower Belgrave Street, it will continue to offer more and more for visitors and residents alike while retaining its charm. There will genuinely be something for everybody.

**What is the key ingredient to delivering the Grosvenor vision?**

It's all about balance. You have lots of stakeholders, residents, retailers, office workers. Interestingly, you have eight times as many workers as you have residents. We must move the area forward while catering for all these different groups and still retaining the right balance that retains the essence of Belgravia. That's the hardest thing to do while bringing people with you on the journey. It is always the case for any estate but in Belgravia it is particularly sensitive because of its size and historic importance. It is about preserving the past but making sure it is aligned with the future.



# PIPELINE

*Belgravia is undergoing the most comprehensive programme of development in decades. We examine in detail the schemes reshaping the district.*

**D**evelopment in Belgravia over the last 20 years has been sporadic with few schemes delivered due to limited opportunities. Notable exceptions are 10 Montrose Place (2007), 3-10 Grosvenor Crescent (2011) Ebury Square (2014) and Belgrave Gate (2018).

However, Belgravia is undergoing a significant reinvention through development. Of particular note is the fact that all four corners are being regenerated.

At the north east corner, the Peninsula London is due to complete in 2022. The south east corner of the district will see the

completion of Grosvenor Gardens House in 2023/4 which first received planning in 2014.

The south west corner saw the completion of the first phase of Chelsea Barracks (QD) in 2019 with the next phase due to complete in 2023/24.

And the north west corner sees the completion of the Knightsbridge Estate and Knightsbridge Gate later this year.

Internally, the area is also attracting further development. Of note, Grosvenor recently secured planning for a major regeneration scheme at the Cundy Street Quarter which will provide 170 senior living,

88 affordable and 75 private apartments as well as 17 new shops and the revitalization of Ebury Square.

Other major schemes in south Belgravia include the redevelopment of Kilmuir House and the transformation of the former Travis Perkins warehouse at Newsons Yard, which is set to become London's new interior design quarter.

On the south most border, Westminster Council is also undertaking a major redevelopment of the Ebury Bridge estate, the largest regeneration scheme the council has led in a generation and will create hundreds of new homes and public spaces.

## CASE STUDY

### SETTING THE STANDARD - THE PENINSULA LONDON

Located on the west side of Hyde Park Corner, The Peninsula London epitomises the change taking place in Belgravia.

Once complete, it will be the largest building ever completed in the district, covering a 1.75 acre site and delivering 750,000 sq ft (GIA).

With an 80 metre frontage, the scheme will provide 190 hotel rooms, 25 private residences, eight retail units, four restaurants and a café - reflective of the greater mix of property uses being brought to market in Belgravia.

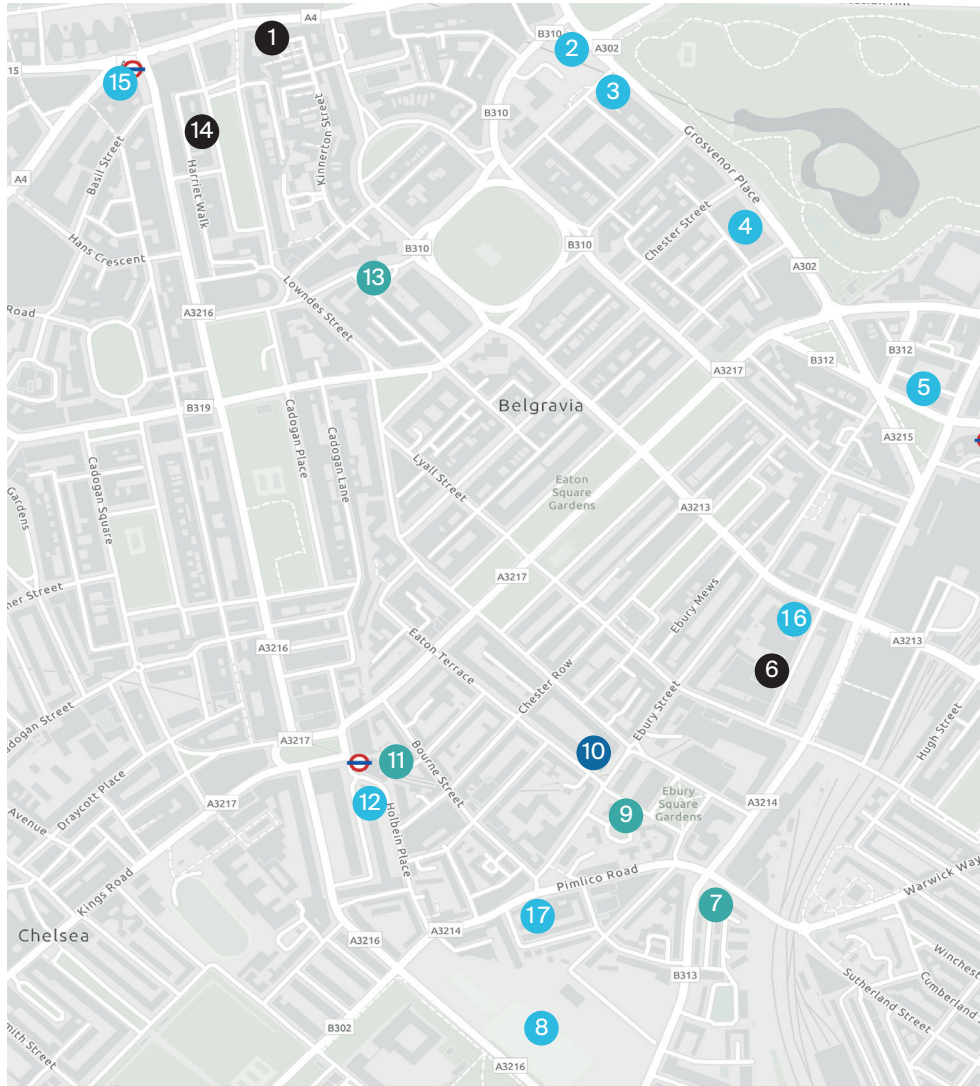
However, it has been a long time in the making. With only ten hotels globally, The Hong Kong and Shanghai Hotels (HSH) searched for 25 years for a London home. Grosvenor first identified the site (1-5 Grosvenor Place) for redevelopment back in 2010. In 2012, they joined forces before securing planning in April 2016.



While Grosvenor sold its stake to HSH post planning, the freehold has been retained and it forms a key part of the estate strategy.

Set to open in 2022, The Peninsula London serves as fitting development to sit at the gateway to a new Belgravia.

MAP 1: **BELGRAVIA: DEVELOPMENT PIPELINE**



DEVELOPMENT NAME	STATUS	TYPE
<b>1</b> Knightsbridge Gate	Completed	Residential, offices & retail
<b>2</b> The Peninsula London	Under construction	Hotel, residential & retail
<b>3</b> 6 Grosvenor Place	Under construction	Private members club
<b>4</b> 33 Grosvenor Place	Under construction	Hospital
<b>5</b> Grosvenor Gardens House	Under construction	Residential & retail
<b>6</b> Eccleston Yards	Completed	Office & retail
<b>7</b> Ebury Bridge Estate	Planning granted	Residential, retail & institutional
<b>8</b> Chelsea Barracks	Under construction	Residential & retail
<b>9</b> Cundy Street Quarter	Planning granted	Senior Living, residential & retail
<b>10</b> Kilmuir House	In planning	Residential
<b>11</b> 7 Holbein Place	Planning granted	Office
<b>12</b> Hotel Coste, Sloane Gardens	Under construction	Hotel
<b>13</b> 2-3 West Halkin Street	Planning granted	Residential
<b>14</b> 40 Lowndes Square	Completed	Residential
<b>15</b> The Knightsbridge Estate	Under construction	Residential, office & retail
<b>16</b> The Ice Factory	Under construction	Office & retail
<b>17</b> Newson's Yard	Under construction	Retail & residential

Source: Knight Frank Residential Development Consultancy

# RESILIENT RESIDENTIAL

*Cities like London are springing back to life as vaccinations ease restrictions, and buyers return in record numbers*

While outer London has thus far been the key beneficiary of demand during the pandemic, the opening up of the city centre has increased demand for some central London postcodes.

As a result, values in prime central London have risen slightly after being in a holding pattern for several months. They first increased by 0.3% in the year to May. While it was not a large increase, it was the first rise in five years and underlines how the recovery of the property market in PCL is not reliant on the re-opening of international travel. In the year to June, prices in PCL grew again by 0.7%.

While travel restrictions tempered international demand through 2020, activity is expected to return quickly once rules are relaxed, particularly at the top end of the market which has proven resilient through 2020.

## Super-prime London

London's super-prime market was particularly active in Q3 2021. Overall, sales were up 10% in the first six months of this year compared with the same period in 2020 and family residences have been highly sought after in 2021 so far, with their share of

super-prime sales rising to 73% up from around 55% in 2019.

Nearly \$4bn was transacted on super-prime properties (\$10m+) in London last year, more than any other city. Moves towards closure on Brexit and the weak pound helped the capital leapfrog Hong Kong and New York in the rankings.

Domestic buyers accounted for a third of all activity in London's super-prime market last year, up from 12% a year earlier.

In Belgravia, in the market above £5m, there was a 15% increase in sales in 2020 compared with 2019, highlighting its resilience as a prime market.

There was also a 10% increase in £5m plus sales in the area in the first half of 2021 compared to first six months of 2020, as well as a 30% increase in new applicants registering to buy with Knight Frank's Belgravia office during this time period.

## Forecast

We expect prime London markets will outperform over the course of the next five years. Prices in prime central London have corrected by more than any other UK market over the last five years and this should support growth in the medium term.

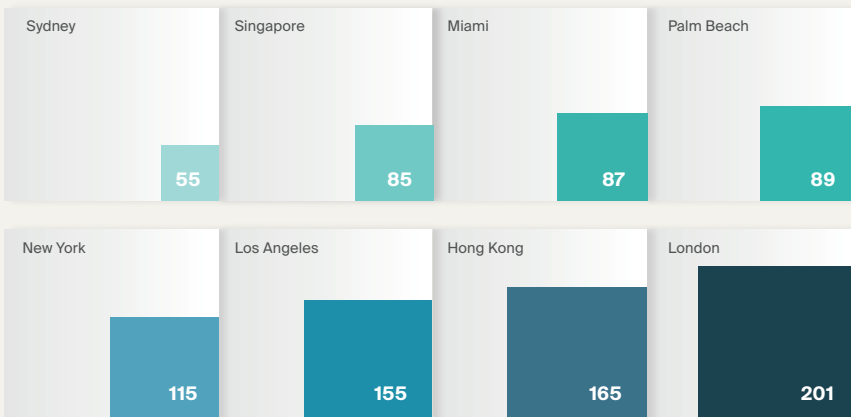
Overall, we are forecasting values in prime central London will increase by 25% between 2021 and 2025, with 2% growth this year followed by a 7% rise in 2022 as more of the pent-up demand currently building is displaced into next year.

FIG 4. FIVE-YEAR HOUSE PRICE FORECASTS

	2021	2022	2023	2024	2025	CUMULATIVE 2021 TO 2025
Prime Central London	2%	7%	5%	4%	5%	25%
Prime Outer London	4%	4%	4%	4%	5%	23%
Greater London	4%	4%	3%	3%	3%	18%

Source: Knight Frank Research

FIG 5. NUMBER OF SUPER-PRIME \$10M+ SALES, 2020



Source: Knight Frank Research

## BELGRAVIA: KEY FIGURES



**235**  
(17p.a.)

Number of residential units delivered in Belgravia between 2007 and 2021 (14 years)



**477**  
(68p.a.)

Number of residential units set to be delivered in Belgravia between 2021 and 2028 (7 years)



**120,000**  
**SQ FT**

Of new retail set to be created in Belgravia in the next five years



**195,000**  
**SQ FT**

Of new office space to be created in Belgravia in the next five years



**25%**

Knight Frank forecast for price growth in prime central London between 2021 and 2025

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**We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.**



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