

RESIDENTIAL  
RESEARCH



# HINDHEAD TUNNEL OPENS JULY 2011

An analysis of the benefits for Hampshire and West Sussex

**Knight Frank**



IMPACT ON  
JOURNEY TIMES

IMPACT ON PROPERTY  
DEMAND AND VALUES

EXPERT INSIGHT

## OVERVIEW

### New tunnel improves journey times, boosts property demand and spurs investment in Hampshire and West Sussex

In the past, many potential buyers looking to move to Hampshire or West Sussex have excluded property searches south of Hindhead due to a notorious bottleneck and associated congestion on the A3 – the main route between London and Portsmouth. But the construction of a new bypass and tunnel will alleviate this problem when it opens in July.

Knight Frank's Residential Research team has been monitoring the likely impact of

the tunnel opening since construction began in 2007 and, in this report, offers insight and commentary on the potential effect of the bypass on journey times and property demand in the surrounding areas.

In summary, Knight Frank Residential Research believes that:

- Reduced journey times will increase the desirability and accessibility of the area near the bypass and south of Hindhead,

significantly widening the catchment area for prospective purchasers.

- Among the areas set to benefit are Hindhead, Grayshott, Headley, Liphook, Petersfield, Hambledon, Hawkley, Froxfield, and East and West Meon.
- Increased demand could boost property values by up to 5% in some locations\*.

\*Over and above general market trends in the 18 months from April 2011

## THE AWARD WINNING TUNNEL PROJECT

The A3 trunk road is a major highway between London and Portsmouth and carries an average of 28,400 vehicles each day. To tackle congestion and improve safety on this busy route – specifically the section around the A3/A287 crossroads at Hindhead – the Highways Agency has built a 6.5km highway scheme at Hindhead in Surrey. Construction on the £371m project started in 2007 and when it opens in July it will be the longest non-estuarial tunnel in the UK.

The scheme includes a 1.8km twin-bore tunnel which removes the trunk road from Hindhead village and from the Devil's Punchbowl – a famous natural landmark designated a Site of Special Scientific Interest and part of a Special Protection Area.

Commuters driving through Hindhead will benefit from the fact that the tunnel – which won an award for being 'the best

of its type in the world' at the New Civil Engineer International Tunnelling Awards in 2010 – features cross-passages at every 100m and state-of-the-art safety and communications systems, including CCTV surveillance and radio-interrupt systems to convey information to drivers. Leaky feeder cables will allow radio and mobile phones to function while in the tunnel.

## THE IMPACT ON JOURNEY TIMES

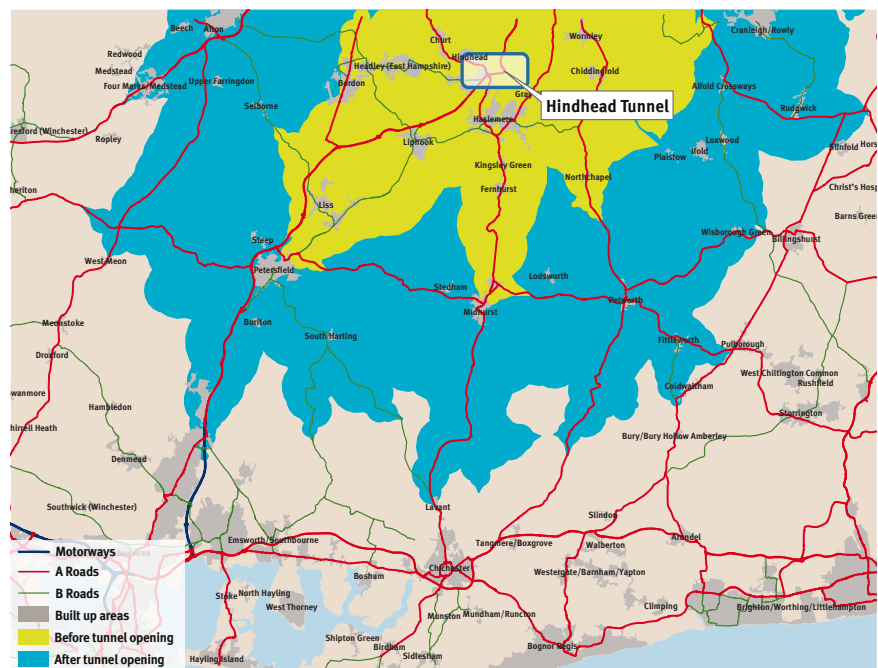
To illustrate the potential impact of the tunnel opening on local residents' typical journey times, Knight Frank's Residential Research team analysed drive times before and after the completion of the tunnel.

It is our view that the tunnel will alleviate a considerable amount of the gridlocked traffic at Hindhead that has tended to deter prospective purchasers from looking for homes to the area south of the A3/A287 crossroads.

According to the Highways Agency, peak-time congestion adds up to 25 minutes to northbound journeys through the congestion area. On this basis, we have assumed that journey times northbound along the A3 will be reduced by an average of 20 minutes.

This map shows that the tunnel will open up a much larger search area (the area shaded in blue) for residents seeking a reasonable drive time to London and other local areas north of Hindhead.

Figure 1  
Drive time: 30 minutes to or from the northern end of the tunnel





## THE IMPACT ON PROPERTY DEMAND AND VALUES

While there are many factors that people consider when deciding where to live, house prices and typical journey times to and from important urban centres are two of the most significant.

Improved journey times following the tunnel opening will therefore lead the catchment area to the south of Hindhead to grow significantly, as shown in figure 1. Knight Frank anticipates that buyer activity

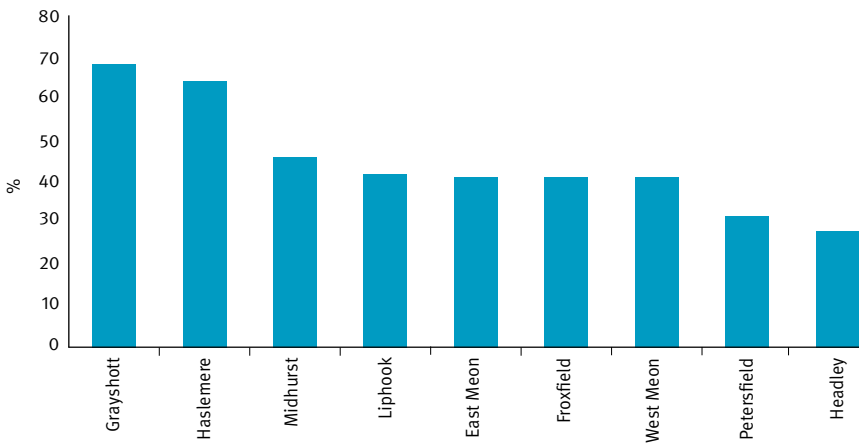
will increase within this new 30-minute drive time boundary. Indeed, it already has (see examples at the bottom of the page).

In turn, this improved accessibility is likely to have a positive influence on residential property values. Figure 2 shows how knowledge that the tunnel will soon open has already affected house prices south of Hindhead.

“BUYER ACTIVITY WILL INCREASE WITHIN THE NEW 30-MINUTE DRIVE TIME BOUNDARY.”

Figure 2

**House prices: strong growth in areas south of Hindhead since 2002 when the Highways Agency commissioned Balfour Beatty to construct the tunnel**



### Research suggests that:

- Transport links are at the top of the list of improvements that can boost the desirability of an area.
- There is a genuine confidence among residential agents that new transport schemes will result in more interest from buyers, leading to uplifts in land value and residential property prices.
- A comparable bypass scheme in Partney, Lincolnshire saw house prices rise after the completion of the new road link.

## Properties sold in extended catchment area

**In the past year we sold a number of properties in the extended catchment area, due in part to anticipation of the tunnel opening. One such example was a property in Cocking, West Sussex, which was sold to London-based buyers who purchased it as a second home. We also sold a property in West Burton, West Sussex, to buyers moving south from Guildford.**

Reeds Farm (see right) is a stunning 18th century property in Empshott, Hampshire, which we were recently instructed to sell. It boasts everything you would want from a luxury family home as well as a studio flat, barn flat, barns, paddocks, stables, and a swimming pool, totalling just under 80 acres of land. But the striking thing that most who have viewed the property have commented on is the fact that the new tunnel is set to open this summer.



REEDS FARM

## The view from our Winchester office

Our office handles property in the area between the M3 and the A3, west of Petersfield. The important factor for our buyers is the time it takes to drive to the M25.

Areas such as Hambledon, Hawkley, Froxfield and East and West Meon are already popular, but they are popular despite the congestion problems that have dogged the area for so long, and some potential buyers have been put off because of it. But knowledge that the bypass was going ahead has eradicated this barrier for such buyers in recent years and these beautiful areas – which benefit from being close to or within the South Downs

National Park and the south coast – are set to become even more appealing once the tunnel opens.

An awful lot of people that previously concentrated their search north of Hindhead are now looking further south and house prices have been rising steadily (see figure 2).

We expect to see even more people looking to move further south, particularly sailing enthusiasts, nature lovers, and those who simply want the lifestyle that living near the coast provides.

**George Clarendon, Partner**

“AN AWFUL LOT OF PEOPLE THAT PREVIOUSLY CONCENTRATED THEIR SEARCH NORTH OF HINDHEAD ARE NOW LOOKING FURTHER SOUTH.”

## The view from our Guildford office

Office Head Nigel Mitchell knows from personal experience how frustrating congestion in the area can be. “My journey from Petersfield to Guildford during week day peak hours can take 25 to 30 minutes longer compared to the same journey at weekends, when the road is clear,” he says.

Around 50% of the people we sell to from the Guildford office are people who need to commute northwards, either on the way to London, or to London itself. These buyers have therefore historically tended to think twice about moving to areas south of Hindhead, as their journey to and from

work would involve driving through the congestion at Hindhead.

With the tunnel opening, prospective purchasers have begun to see areas such as Grayshott, Headley and other surrounding villages as ideal locations as they offer a variety of country properties and proximity to excellent schools, such as Edgeborough in Frensham, Highfield in Liphook, and Amesbury and St Edmund’s in Hindhead. Indeed, some of the highest house prices achieved south of Guildford in the past three years have been in the Headley and Churt areas. It is our guess that around 70% of

those buyers who are looking to move to the area and acknowledge the benefits the tunnel will bring have either acted already or are in the process of doing so. The remaining 30% will hopefully soon follow suit.

The tunnel has already helped to bridge the property price gap between West Sussex and Surrey. Properties south of Hindhead continue to attract competitive interest, possibly more so than those north of the area. Haslemere has become a mini Guildford and we anticipate that Petersfield will become the next Haslemere in the coming years.

**Nigel Mitchell, Office Head**

## CONTACTS



### George Clarendon

George grew up in Hampshire and continues to live in the area, farming in the Meon Valley. Having been part of the team for over 10 years, he has in-depth knowledge of the areas set to benefit from the tunnel.

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### Nigel Mitchell

Nigel heads up the Guildford office and travelling from Petersfield to Guildford each day means he knows first hand how bad the congestion can be. He has been an agent for 26 years, 17 of those at Knight Frank in Guildford.

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## Knight Frank opens new Haslemere office in autumn 2011

Having sold many properties to the south of Haslemere in recent years, news that the tunnel is set to open this summer supported our decision to open a new office in Haslemere itself this autumn. Already considered a special part of the world, it is likely to become even more popular with buyers moving south out of London due to the improved journey times. We see the Haslemere area as a mini Guildford.