Knight Frank
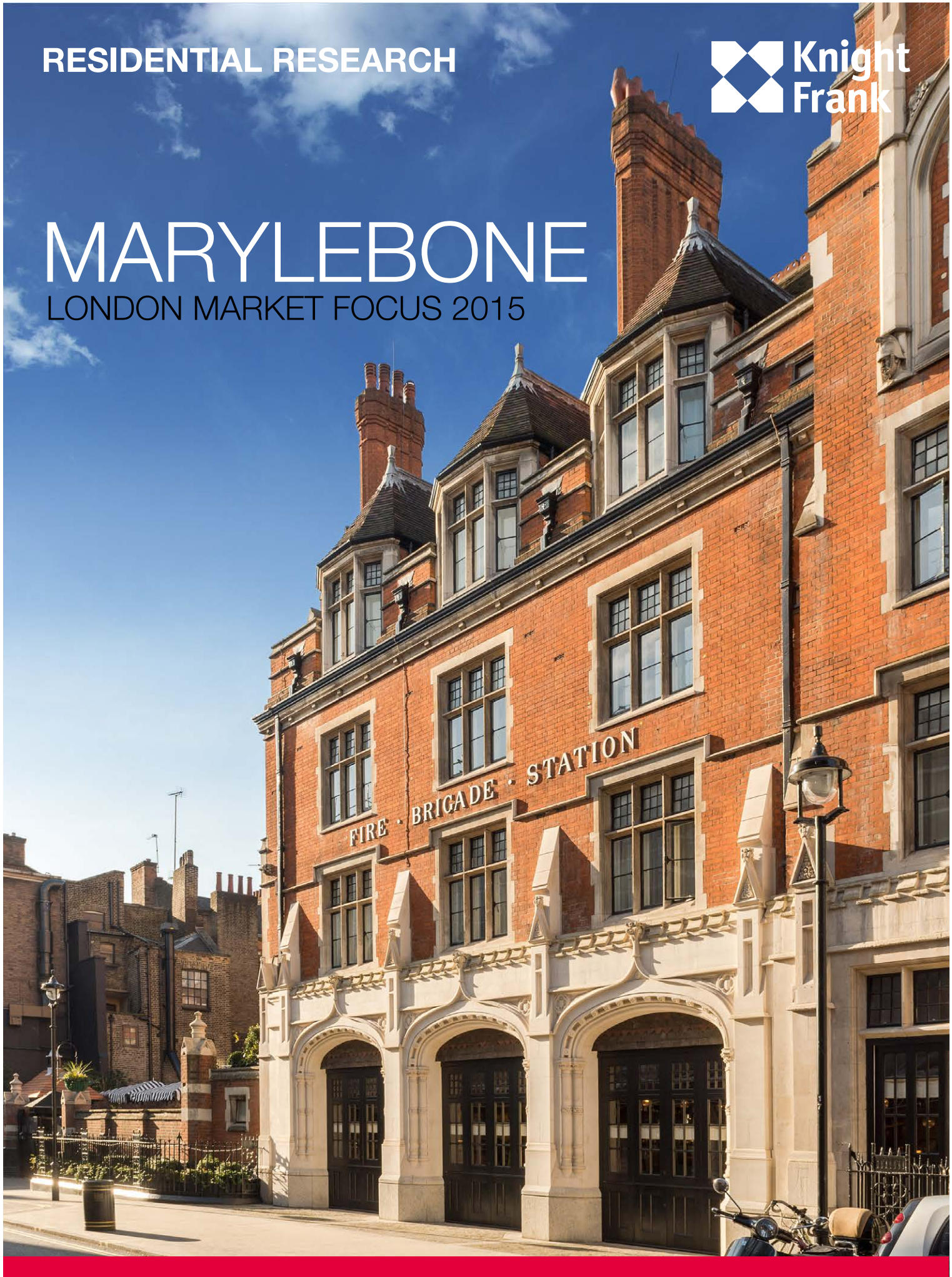
MARYLEBONE
LONDON MARKET FOCUS 2015

LONDON'S NEWEST
SUPER-PRIME DISTRICT

MARYLEBONE OUTPERFORMS
PRIME CENTRAL LONDON

BETTER VALUE THAN
'GOLDEN POSTCODES'

LONDON'S NEWEST SUPER-PRIME DISTRICT

Marylebone's residential market has been transformed over recent years, but the delivery of new luxury developments means there is more change to come

Little over a decade ago Marylebone was an overlooked prime London address. Buyers focussed on the more established markets to the south in Mayfair or St John's Wood to the north.

Over the intervening period the area has become a case study in urban rejuvenation. Renewed long-term estate planning by both the Howard de Walden and the Portman Estates, which jointly control nearly 200 acres of Marylebone and surrounding areas, has focused on improving the retail and restaurant offer, the quality of office accommodation, and improvements to the wider public realm.

These changes have all helped to underpin a sharp growth in demand for residential property, which has driven prices higher.

Over the 24 months to June 2015, price growth in Marylebone totalled 17%, compared with 10% in prime central London as a whole, and 7% and 6% in Mayfair and Knightsbridge, respectively.

This upturn has also been driven by buyers' greater willingness to consider new neighbourhoods in an effort to find the right property – the central London market has become notably more product rather than location-led in recent years.

Looking at where Marylebone's buyers are moving from is instructive. There is notable demand from north London, with purchasers relocating from St John's Wood and Hampstead in particular, especially after their children have left home and there is less need for outside space.

Equally, there is continual demand from buyers looking to exchange addresses further south and west – those moving from Mayfair represented 15% of buyers over the 12 months to May 2015, while 5% of buyers moved from Belgravia, and a little over 7% came from Knightsbridge, Chelsea and Kensington.

Five years ago a key driver for moving into this area from Mayfair or Knightsbridge was relative affordability. In the intervening period, however, a process of equalisation has taken place, with Marylebone rapidly narrowing the price gap.

Now, the key drivers of demand are the quality of the urban environment and property offer in Marylebone, although the investment opportunity is still an important consideration.

As figure 6 shows, £5m buys more square feet in Marylebone than other prime central London markets, based on a typical price range of £3,000 to £3,500 per square foot. The potential for future growth is underlined by the fact that for exceptional properties, achieved prices in excess of £5,000 per square foot match those in Knightsbridge and Belgravia.

This opportunity is clearly discernible in the growth of the super-prime (£10m-plus) sales market. The neighbourhood has one of the most mature pipelines of high-quality development schemes in central London, as the map on page 3 shows.

The premium nature of the development pipeline has played a key part in driving price growth in Marylebone. In the six years to 2015, the average price of the top 10% of sales by value, increased almost threefold from £2.1m to £6.1m (figure 5).

The outperformance of pricing seen in the sales market has been reflected in the rental sector, with rents growing slightly more than 17% in the 24 months to June 2015 (figure 2). Residential tenant demand has been boosted by the growth of the midtown office market and the creation of high-specification offices in and around Baker Street, which have attracted high-value financial-sector occupiers.

The arrival of Crossrail in 2018, with stations at Paddington, Bond Street and Tottenham Court Road will undoubtedly further boost demand – but the central factor that will continue to underpin the evolution of the Marylebone market is the ongoing focus on the quality of the urban environment by the local landed estates.

FIGURE 1
Price growth in Marylebone outperforms (Rebased to 100)

Marylebone
Belgravia
Knightsbridge
Mayfair
Prime central London
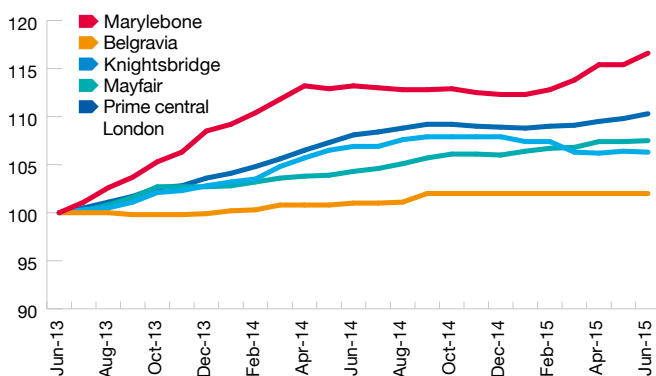
Source: Knight Frank Residential Research

FIGURE 2
Rental value growth in Marylebone outperforms
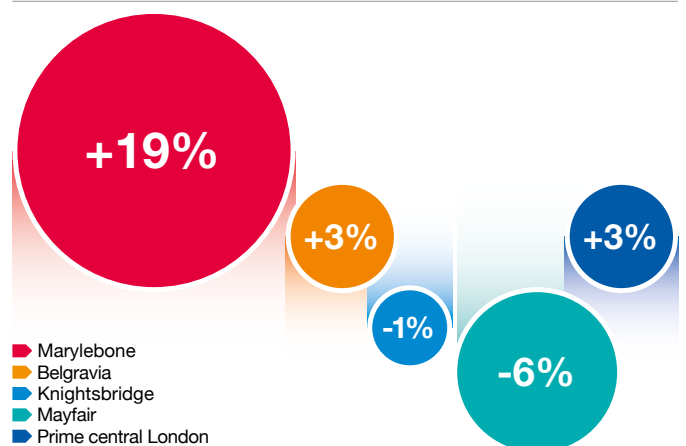(Percentage change in two years to June 2015)

+19%
+3%
-1%
+3%
-6%

Marylebone
Belgravia
Knightsbridge
Mayfair
Prime central London

FIGURE 3
Key residential schemes in Marylebone

● Not started ● Under construction ● Build complete

1 | Fitzrovia Apartments
Private Units 77
Developer Manhattan Loft Corporation / Ridgeford Properties

2 | Chiltern Place
Private Units 56
Developer Ronson Capital Partners

3 | Moxon Street Car Park
Private Units 54
Developer The Ridgeford Group of Companies

4 | Marble Arch Tower
Private Units 49
Developer Almacantar

5 | The Chilterns
Private Units 44
Developer Galliard Homes

6 | 1 Molyneux Street
Private Units 31
Developer Residential Land

7 | 19 Cavendish Square
Private Units 25
Developer Harcourt Investments

8 | 1-9 Seymour Street
Private Units 24
Developer The Portman Estate

9 | The W1
Private Units 24
Developer Royalton

10 | The Mansion
Private Units 21
Developer Clivedale Properties

11 | The Park Crescent
Private Units 20
Developer Amazon Property

12 | 66 Wigmore
Private Units 14
Developer Howard de Walden Estates

13 | 124-130 Seymour Place
Private Units 12
Developer Holbud Investments

14 | 3 Picton Place
Private Units 11
Developer Great Wigmore Partnership

15 | 70-72 New Cavendish Street
Private Units 10
Developer Howard de Walden Estates

16 | 96-98 Baker Street
Private Units 9
Developer Investre

17 | 56-58 New Cavendish Street
Private Units 8
Developer Howard de Walden Estates

18 | 66-68 New Cavendish Street
Private Units 8
Developer Howard de Walden Estates

19 | 5 Portland Place
Private Units 7
Developer Amazon Property

20 | 7 Portland Place
Private Units 7
Developer Galliard Homes / Ricksave

21 | 14-15 Fitzhardinge Street
Private Units 6
Developer Lexus Developments Europe

22 | 1-6 Clay Street
Private Units 5
Developer Great Marlborough Estates

FIGURE 4

Source: Knight Frank Residential Research

St John's Wood

Regent's Park

Marylebone

Mayfair

Notting Hill

Hyde Park

Kensington

Knightsbridge

Belgravia

South Kensington

Chelsea

Price Change
2000 to 2014

Higher

Lower
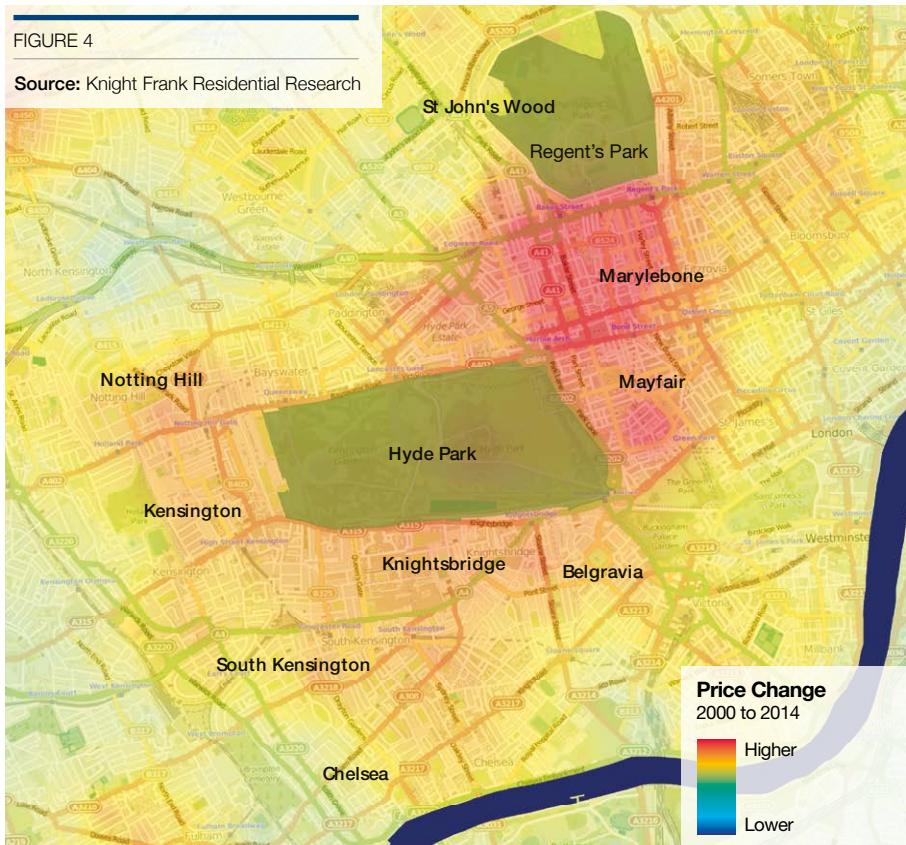
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FIGURE 5
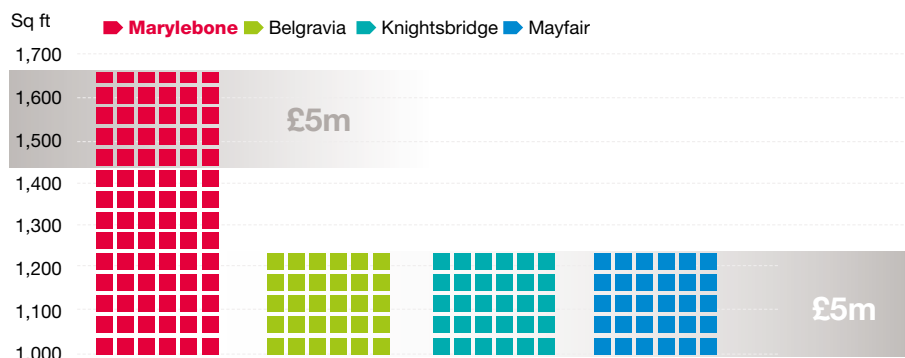**Average prime sale price in Marylebone** (top 10% of sales by value)

£2.1m £2.5m £3.5m £3.1m £4.2m £5.2m £6.1m

2009 2010 2011 2012 2013 2014 2015

Source: Knight Frank Residential Research

Knight Frank Residential Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.
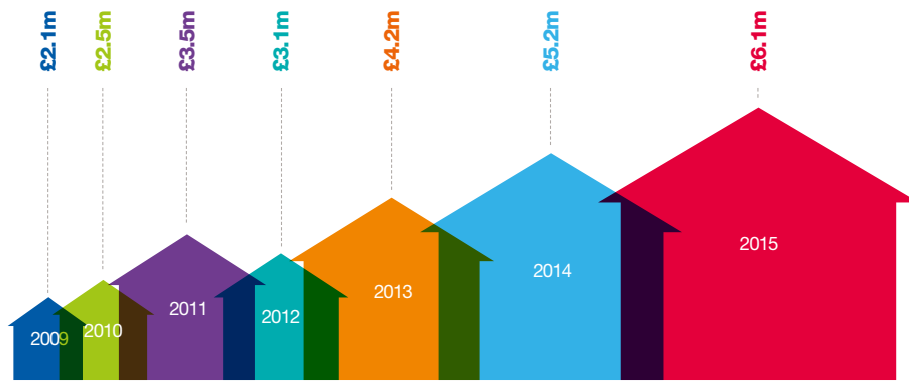
FIGURE 6
More space for your money in Marylebone
Square feet of prime new-build property that £5 million buys

Sq ft ▶ **Marylebone** ▶ Belgravia ▶ Knightsbridge ▶ Mayfair

1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000

£5m

£5m

Source: Knight Frank Residential Research

Knight Frank Research Reports are available at **KnightFrank.com/Research**

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