

LONDON MARKET REVIEW

SUMMER 2015



GARRINGTON

LOCALLY

LONDON

The first half of 2015 has been more sedate overall for the property market. Marred by the continued impact of changes to Stamp Duty Land Tax imposed in December 2014, running up to the General Election buyers were cautious of 'what-might-be' and following the election buyers continued to be wary of changes that the new Government might bring into action. More recently, the July Budget announced various measures that might impact on the housing market. We are likely to see changes in the buy-to-let sector as Landlords reflect on tax reforms to be brought in from 2017 and also amongst the non-domicile residents as they evaluate the impact of a changing tax landscape.

Meanwhile, the national house price indices are reporting a slowdown in growth. The Land Registry figures for May put London annual growth at 9.1% compared with 17.9% growth a year earlier.

Undoubtedly the last quarter has been one of sweeping changes which have impacted the property market. Now, with clarity and no further key events in the immediate future we are likely to see higher levels of activity as people begin progressing their property plans.

"The post-election flourish of activity has not reached frantic levels as many predicted. The demand is there but lack of stock is both an issue in London and nationally."

NICHOLAS FINN, EXECUTIVE DIRECTOR

WHO IS REALLY MOVING TO LONDON?

London is a cosmopolitan city which has global appeal as a place to live and work. As the British economy has strengthened, inward migration of overseas nationals to central London has risen, so that by 2014 it was 23% above its 2010 level. Evident from this research is that UK immigration patterns directly correlate with the strength of other countries' economies.

Migration data, based on the most recent National Insurance registrations, helps us reveal a surprising picture of who is actually living and working here. We analysed eight central London boroughs* to understand which foreign nationals have recently become part of our diverse city. Collectively these central London boroughs have seen an average total of 70,000 new overseas residents per annum since 2010. Westminster and Lambeth have seemingly held the strongest appeal for those relocating with both averaging over 11,000 new inhabitants each year. Our leaderboard demonstrates the top 10 nationalities now residing in London.

London's foreign nationals now hail from much closer shores than we are often led to believe. The data shows that 12% of migrants settling in central London were Italian, 11% were Spanish and 9% were French, accounting for almost a third of all overseas migration into central London since 2010. In comparison, ten years ago the highest levels of overseas migration was from Australia; currently they sit in fourth position, behind our European neighbours, with 7% of total central London migration. In fact, within the top 10 countries with the highest migration into London only three nationalities outside of Europe featured.

The Russians and the Chinese, who are typically a dominant force in the investment or second home market, only account for 1% and 2% respectively of those migrating to live and work in central London. With the abolishment of the

permanent non-dom tax status announced in the recent mini budget, we are expecting to see a change in buying patterns from these particular types of buyers.

When looking at central London inward migration by borough, it is increasingly apparent just how strong European migration has been over recent years. The French were the top nationality to migrate to both The Royal borough of Kensington & Chelsea and the City of Westminster. The Spanish were the top nationality to register in Hackney and Lambeth boroughs and the Italians were the top migrating nationality in Camden, Hammersmith & Fulham, Islington and Wandsworth.

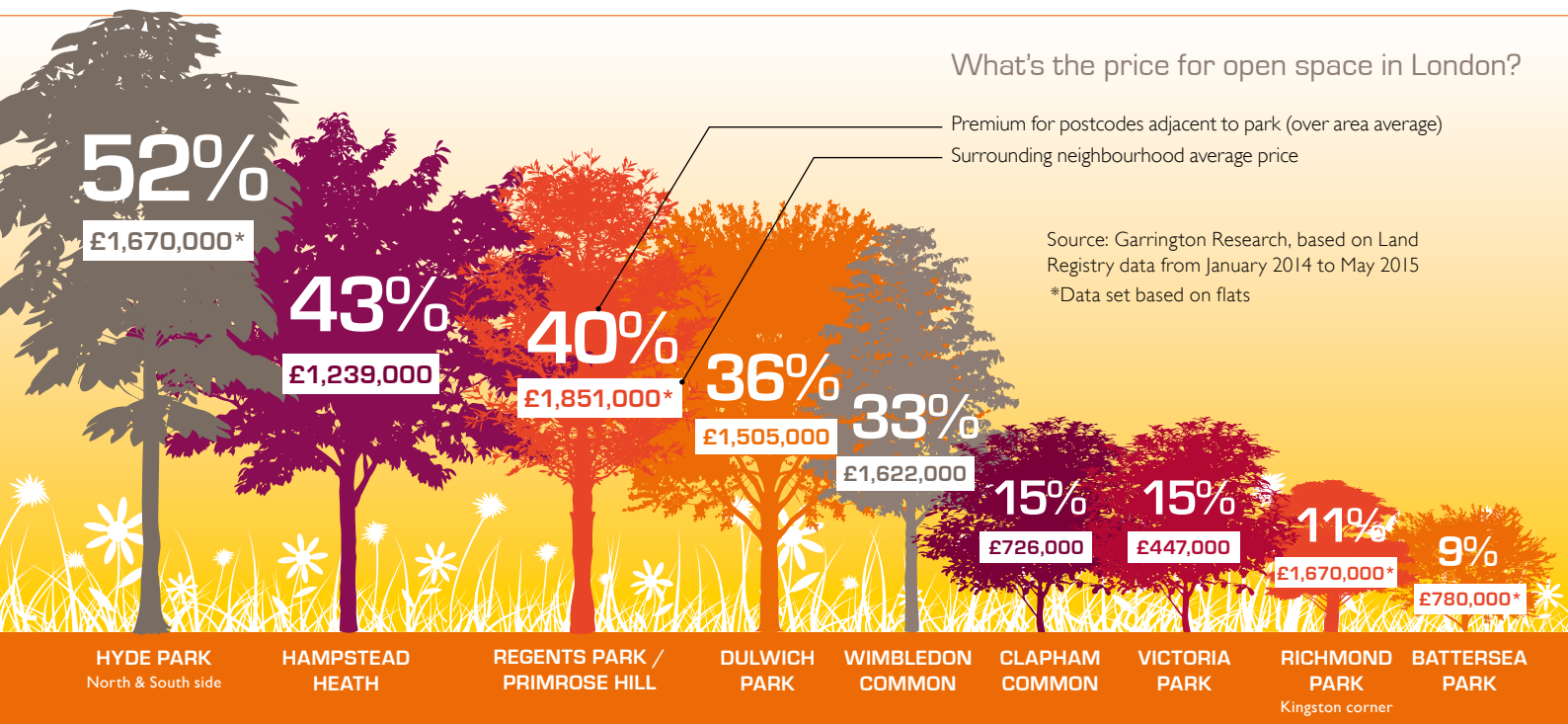
Leaderboard: foreign nationals living and working in central London

RANK	COUNTRY FROM	PERCENTAGE OF CENTRAL LONDON* MIGRATION
1	ITALY	12%
2	SPAIN	11%
3	FRANCE	9%
4	AUSTRALIA	7%
5	POLAND	5%
6	USA	4%
7	PORTUGAL	4%
8	IRELAND	3%
9	GERMANY	3%
10	NEW ZEALAND	2%

Source: National Insurance Registrations from the Greater London Authority. Data is for four years to March 2014.

*Average across 8 central London boroughs: Camden, Islington, Lambeth, Hackney, Hammersmith & Fulham, Kensington & Chelsea, Wandsworth and Westminster.

A ROOM WITH A VIEW



THE ALLURE OF GREEN SPACE IN LONDON

London's green spaces are an essential part of its character, and its property market. London has 35,000 acres of public green spaces from the royal parks, open commons and heaths right through to pocket sized parks and garden squares. This amounts to 40% of London's surface area and makes it one of the greenest cities of its size in the world. Homes close to green areas have long attracted a premium, in a trend that dates back to the grand garden squares laid out in Georgian and Victorian times.

Buyers remain as keen as ever to live next to a green space, but our analysis shows a striking difference in the premium they have to pay to do so as it's clear that in property terms, there's "green" and "prime green".

For those looking to buy property in London, access to green space is usually high on the wish list. However, a room with a view, or being

adjacent to a park, does come at a cost. So how much is the 'park premium' for London?

We studied the prices of property next to nine of the city's major parks and commons, and found that the more prestigious the neighbourhood was, the greater the premium, in percentage terms, for proximity to a park.

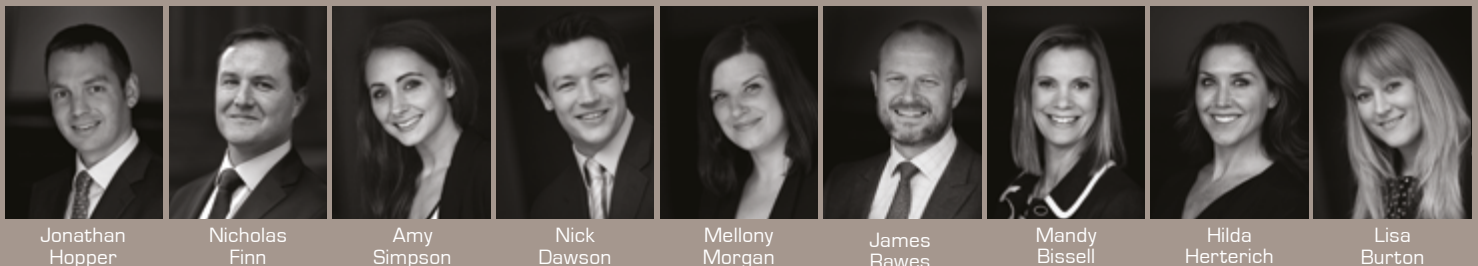
The trend was most acute in the super-prime areas around Hyde Park, where properties adjacent to London's most famous Royal Park were 52% more expensive than the average for the neighbourhood. There was a similar premium for properties next to other "prime green" spaces such as Hampstead Heath, Regent's Park and Wimbledon Common. With average property prices in excess of £1 million in these areas, buyers have shown themselves willing to pay more than 30% extra to be close to the park. However the park premium is squeezed in areas

outside prime central London – with properties next to a green space commanding only a 10–15% premium over the neighbourhood average.

Richmond Park is a perfect illustration of the split between "prime green" and merely "green" premiums. The largest of the Royal Parks, spanning some 2,500 acres means it has a variety of adjoining neighbourhoods. Property near the park's desirable North West corner attracts a 50% premium over the Richmond average. Yet in the South West corner, near Kingston, the park premium falls to just 11%.

This divergence gives an insight into buyer motivation – and value sensitivity. While proximity to a park is often on buyer wish lists across all price brackets, wealthy buyers seeking trophy properties in prime central London are the most willing to extend their budget to pay a park premium.

MEET THE LONDON TEAM



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The Property Search Consultancy

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