

INSIGHT

CHISWICK
Winter 2014

winkworth.co.uk

**WE'RE WORKING TOGETHER TO PROVIDE
UNPARALLELED EXPERTISE AND SERVICE
IN WEST LONDON.**

Winkworth

CHISWICK

HAMMERSMITH

EALING AND ACTON

SHEPHERD'S BUSH

OVERVIEW

Winkworth

The strength of the West London housing market exceeded most expectations in 2013. Prices rose by over 20%, surpassing growth in central London and the rest of the UK.

The positive momentum is expected to continue into 2014, with improved macroeconomic conditions supporting demand and supply remaining constrained.

The West London area around Hammersmith, Shepherd's Bush, Ealing and Chiswick continues to benefit from huge amounts of investment and development activity due to the excellent communications which will be further enhanced by Crossrail, with over 8,000 private residential units in the pipeline.

Along with investors seeking higher returns, the area has benefitted from both domestic and international purchasers expanding their property search outside traditional prime central London postcodes in a quest for better value for money. Indeed, average sales prices across our area in 2013 were just 52% of those in nearby Kensington and Chelsea.

With such price differentials it is of little surprise that, in 2011, 12% of people moving into the area from within the UK actually moved from Kensington and Chelsea itself.

Looking ahead, while Winkworth expects values in prime central London to rise by 5% in 2014, we expect strongest growth to once again be in the more peripheral locations like West London, where we anticipate an increase in values of around 10% this year.

35%

increase in new applicants
H2 vs. H1 – Winkworth West London offices

25%

of properties sold by
Winkworth West London
in 2013 were bought to let

1ST

London is the world's best
city for property investment

Association of Foreign Investors in Real Estate

1ST

completed Crossrail train
tunnel unveiled, between
Royal Oak and Farringdon

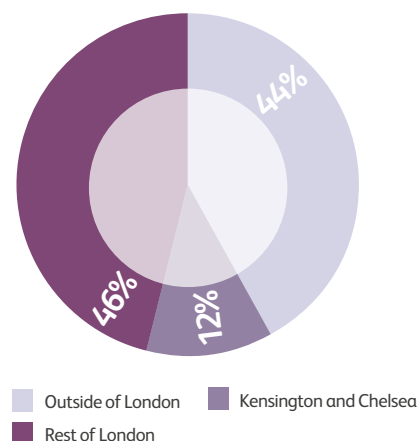
NOVEMBER 2013

AVERAGE HOUSE PRICES IN 2013 AND % GROWTH OVER 2013



Source: Dataloft, Land Registry *K&C and E&W weighted averages

ORIGIN OF MIGRATION INTO EALING, HOUNSLOW AND HAMMERSMITH (2011)



Source: NHSCR

WINKWORTH HOUSE PRICE FORECAST



Source: Winkworth

CHISWICK

The second half of 2013 was extremely busy in the Chiswick office. Demand levels soared, with 14 applicants for every new property. Average sales prices in 2013 were 19.7% higher than those in 2012.

Half of the sales in Chiswick in 2013 were flats and the investment appeal is strong. With yields typically around 4.5% and values rising strongly, investor activity in 2013 accounted for 44% of Winkworth flat sales. Many of these buyers were cash rich and already living in the area.

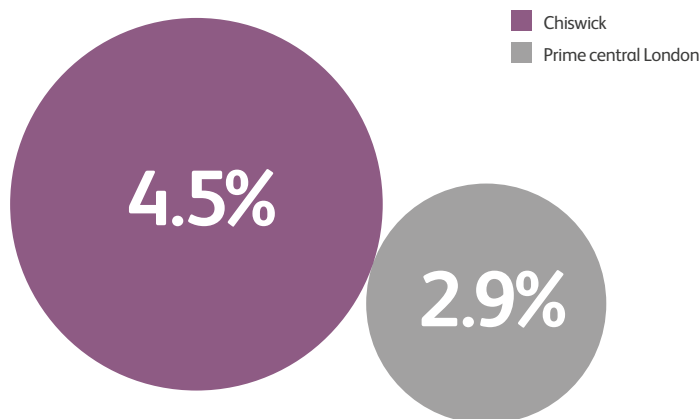
Despite an increase in rental supply from buy-to-let properties, the lettings market remained buoyant in 2013. Chiswick Business Park employees, along with young professional commuters provide a strong supply of tenants. With Chiswick Park due to accommodate another 3,000 employees this year, rental demand looks set to remain strong.

Meanwhile, Chiswick still has a massive shortage of properties to sell, with little in the way of new build development. Over the past decade, 292 private units have been completed. Looking ahead the pipeline extends to just 375 additional homes.

“WHILE STOCK LEVELS REMAIN LOW, PRICES WILL CONTINUE TO GROW OVER 2014, ALBEIT AT A SLOWER RATE THAN SEEN IN 2013.”

ALASTAIR HILTON, SALES MANAGER

AVERAGE GROSS YIELD OF 2 BEDROOM FLATS



Source: Lonres, Rightmove. Yields calculated for PCL using sold prices and rental figures for 2013, Chiswick is calculated on asking price data

49.6% of sales in 2013 were flats

Average asking rent of two bedroom flats is £471 per week

100% of buyers were from the UK in 2013

EALING AND ACTON

Recently named as one of London's top hot spots, property prices across Ealing and Acton have risen by 13% over 2013 and are now 30% higher than in 2007. The area has also seen 26% more transactions compared to 2012.

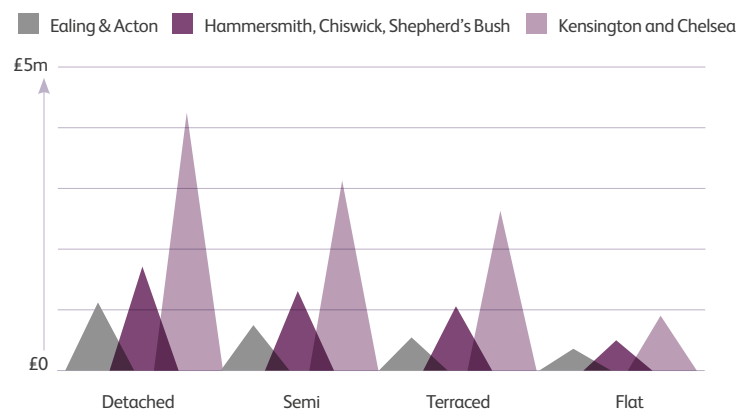
The Crossrail development, due to complete in 2018, is changing the area and providing a significant boost to the local residential market. With journey times to Bond Street set to reduce to just 12 minutes, investors and occupiers alike are clamouring to tap into the growth potential from the area, pushing up prices in a market characterised by low supply.

The area has always attracted families and 2013 was no exception. Buyers are encouraged by value for money, compared to neighbouring Chiswick, Shepherd's Bush and Hammersmith. The flat market also picked up significantly towards the end of the year, as investors and first time buyers looked to buy smaller one and two bedroom apartments. As a result, flat sales comprised 52% of transactions last year, up from 41% in 2009. Consequently, the buy-to-let market has performed well as investors enjoy returns of up to 5%.

“2014 COULD BE AN OPPORTUNE TIME FOR EALING & ACTON SELLERS TO SELL, AS PRICES REACH RECORD LEVELS AND BUYER DEMAND SHOWS NO SIGNS OF ABATING.”

NARENDRA GANDHI, PARTNER

A MAGNET FOR CHISWICK, SHEPHERD'S BUSH AND HAMMERSMITH BUYERS



Source: Land Registry (average sales price, 2013)

32% increase in applicants in second half of the year

42% of properties sold either at or above asking price

October was busiest month for exchanges – a two bed property on the border of Ealing Common sold within 2 weeks, with 5 sealed bids at 17% over asking price

HAMMERSMITH

2013 was a remarkable year for the Hammersmith market. Sixteen new applicants were taken on for every property offered for sale and average sales prices increased by 21%. Properties sold faster than ever, achieving over 98% of asking price.

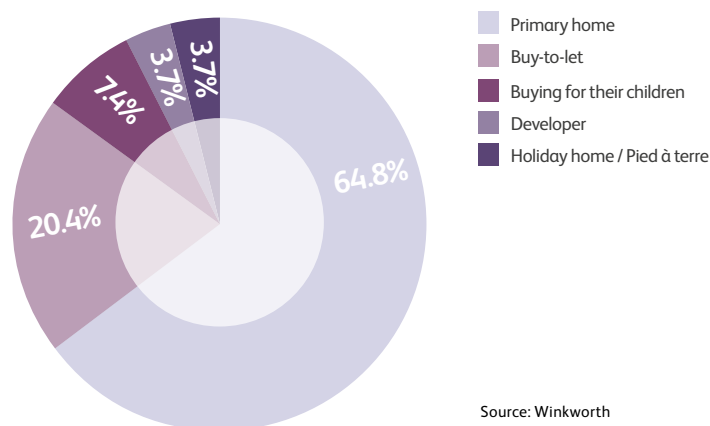
A key transport and employment centre (seeing its daytime population rise by 27% and soon to increase further with the completion of 10 Hammersmith Grove), Hammersmith's popularity with buyers has soared in recent years. Keen to tap into the area's growth potential, 2013 also saw a noticeable rise in the number of investors and those buying for their children (28% of Winkworth sales). The subsequent increase in properties reaching the rental market did result in slight falls in average rents over the year, although there was a strong recovery at the end of the year.

This area is a focal point of new development activity with a number of large house builders marketing units off-plan, particularly on riverside schemes such as Fulham Reach. With 2,046 homes in the planning pipeline, the area is set to change dramatically in coming years.

"WITH HIGH LEVELS OF PENT UP DEMAND AT THE START OF THE YEAR, 2014 LOOKS SET TO BE ANOTHER GOOD YEAR. SHOULD LANDLORDS CHOOSE TO CASH IN ON PRICE RISES, SOME STOCK INCREASES WOULD PROVIDE WELCOME CHOICE FOR BUYERS AND BEGIN TO STABILISE PRICES."

BEN HUNT, DIRECTOR

PROFILE OF WINKWORTH BUYERS IN 2013



45% of buyers from overseas

48% of properties sold either at or above asking price

July was busiest month for exchanges

House in Brackenbury Village sold and completed within a week, with 6 bidders at 4% over asking price

SHEPHERD'S BUSH

Strong demand for properties in 2013 saw applicant numbers increase by 29% in the second half of the year. With supply failing to keep pace, average sales prices rose 18%.

Low levels of supply are restricting market activity in Shepherd's Bush and this is being exacerbated by existing home owners choosing to stay in their current homes and improve or extend, rather than incur high stamp duty costs from moving.

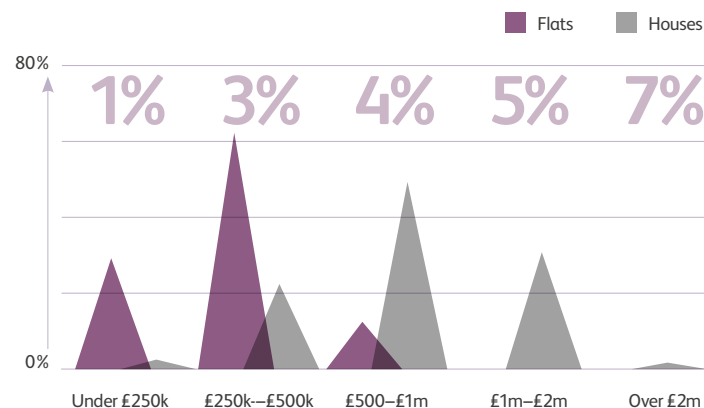
Shepherd's Bush has been redeveloped in recent years. The Westfield Shopping Centre development and nearby Crossrail has increased activity by speculative investors and developers. Investor activity continues to be high, comprising 25% of Winkworth buyers in 2013 but, despite the increase in rental stock, the lettings market remains strong.

Private developers are also helping to transform the area. Between 2002 and 2007, there were just 16 private homes completed on average each year. Since Westfield opened in 2008, there have been an average of 134 private homes completed annually. There is also a large pipeline of future supply.

"THE HIGH COST OF STAMP DUTY IS UNDOUBTEDLY IMPACTING ON SUPPLY, WHICH WILL CONTINUE TO LAG BEHIND DEMAND IN THE YEAR AHEAD."

CARL BURGESS, DIRECTOR

PROFILE OF SALES IN SHEPHERD'S BUSH OVER 2013



Source: Land Registry, percentages in the chart show stamp duty payable

2,922 private units in planning pipeline including Westfield extension and Television Centre development

29% increase in applicants in second half of the year

Family house marketed in November sold after 28 viewings in 11 days at sealed bids, 7% over asking price

WINKWORTH WEST LONDON

With its strong sense of community ethos, range of family housing, retail delights and significant improvements in transport links, it is no wonder that a part* of West London is the third most popular area for in-migration into London.

The area has also undergone significant change as demand has spread out from prime London, with 23,510 residents moving from within London to the region. Buyers are generally looking to trade up to larger apartments, or to family houses in areas with good schools. In a location where buyers are often looking to settle for the long term, and are reluctant to sell, price growth has been inevitable. Winkworth's West London offices have collectively seen property prices rise by 30% over the last five years and by 90% over the last 10.

Improved transport links, in the form of London Overground, a new underground station at Shepherd's Bush and not least the prospect of Crossrail opening in 2018, reducing travel times by up to 50% to both central London and Heathrow, has made this area popular for buyers. Similarly, the success of Westfield London, which will soon expand to create additional retail space and over 1,500 new homes, adds another level of popularity to the district.

New development in West London over the last decade has been limited, with an average of 330 units completed per annum (3,300 from 2003-2013). However, there are an additional 8,023 private units currently within the development pipeline that will undoubtedly appeal to the rising number of buy-to-let investors. In 2013, buy-to-let investors accounted for 25% of all Winkworth sales, and with rental returns typically around 4% in West London compared to 2-3% in prime areas, the level of interest in West London is unlikely to dwindle. Typically these buyers come to the market with cash to purchase outright or with significant deposits and in a supply constrained market, buy-to-let investors add a further support to rising values.

Despite the fact that the number of properties currently on the market across West London has fallen by 32% compared with January 2012 (Source: Home.co.uk), transaction levels have been rising (15.4% increase in the first eight months of 2013). With more properties selling close to the asking price or as a result of sealed bids, it is clear that values are likely to remain strong over the year ahead and West London will remain a location of choice.

INCREASE IN PROPERTY PRICES IN THE AREA



Source: Winkworth

* The health authority of Ealing, Hammersmith and Hounslow

THE LOWDOWN



8,023 PRIVATE UNITS
in development pipeline (EGi)

550,000 SQ FT
additional retail space, offices, new street,
public spaces and around 1,522 new homes
approved in the Westfield extension in
November 2012



200 MILLION
passengers are forecast to use
Crossrail per annum

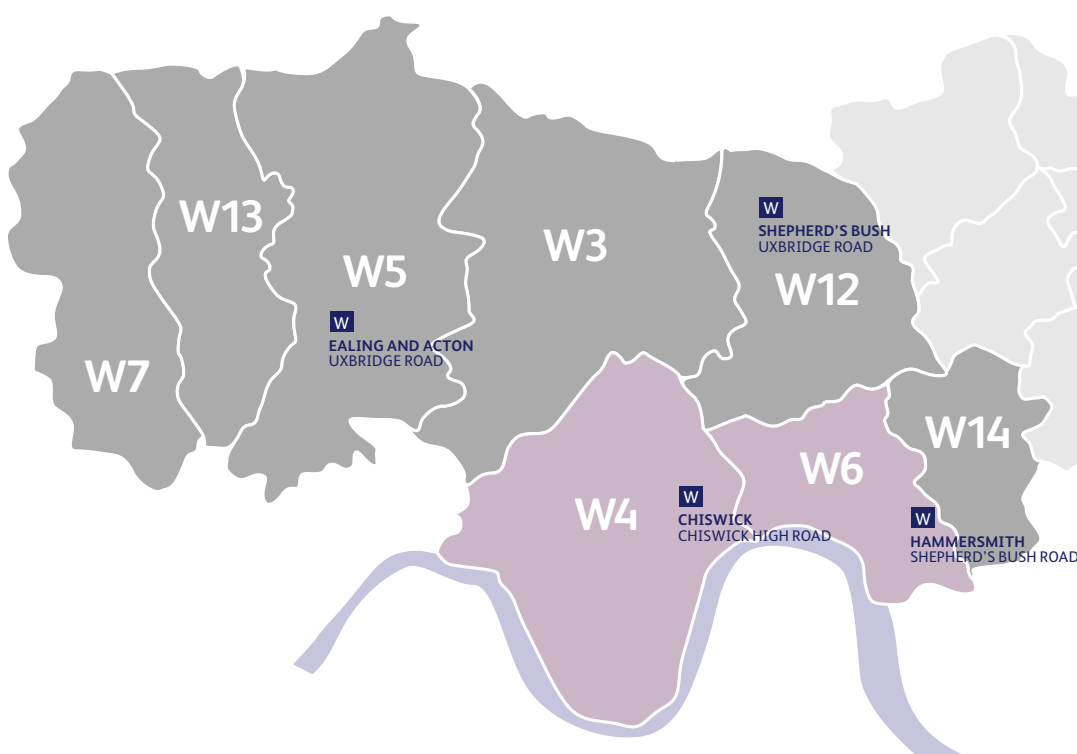
10%
Crossrail to provide an increase in
London's rail capacity

20%-25%
expected increase in residential capital values
in areas surrounding Crossrail stations
(over and above baseline forecast)

Source: Crossrail, Crossrail - Property Impact Study 2012-2021,
GVA research

WE'VE GOT WEST LONDON COVERED

Winkworth



Our Ealing, Shepherd's Bush, Hammersmith and Chiswick offices work closely together to provide a comprehensive service for our clients.

By tapping into the extensive Winkworth network, we have access to thousands of potential buyers and tenants across London and beyond.

Alastair has considerable experience of working in property. He began his career in 1988, lives in Chiswick and has wide ranging knowledge of the London property market as a whole. Winkworth was one of the first agencies to open in Chiswick, during which time the area has got smarter. The High Road now boasts an impressive range of bars, restaurants and individual shops to suit all budgets. It's an area with a real sense of community and people who move there seldom move away. Neighbouring Brentford has undergone a huge transformation in recent years with the development of schemes around Kew Bridge impacting on both the quality of the area and prices.



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Ben has considerable knowledge of West London built over a 14 year period of working for Winkworth. He began his career in the Shepherd's Bush office before moving to Hammersmith, where he has been based for the last 12½ years. During this time he has seen the area undergo huge changes. Once regarded as an affordable overspill from Kensington & Chelsea, Hammersmith has now become sought-after in its own right. Good transport links, both underground and road, make it an easy place to get to and from; a point not lost on the wide cross-section of buyers – including families, young professionals, downsizers and an increasing numbers of international buyers.

Narendra has lived in London for many years and moved to Ealing about 15 years ago, having previously worked at Director level for various corporate companies. He sees real value to be gained from living and working in the community and plays an active role in supporting local ventures, schools and clubs. Presently, Ealing Broadway itself is being revitalised with a number of restaurants and hotels springing up with the prospect of Crossrail. Ealing has always proved popular with families, but more of the younger generation and investors are moving in too and the office has responded by increasing its number of staff to 15 in its Sales, Lettings and Property Management departments.



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Carl began his career at Winkworth Chiswick in 1988 and moved to the Shepherd's Bush office in 1992. While he has worked in other areas of West London, he's never strayed too far from Shepherd's Bush - an area he has lived in too. As the area has changed and grown, so the office has evolved too, from a staff of five, to the 15-strong team he works alongside today. During his time there, Shepherd's Bush has changed beyond all recognition. The recent opening of Westfield, improved transport links into the West End, and via Clapham Junction to Gatwick, and beyond, have proved popular with the young professional buyers who have moved there in increasing numbers.