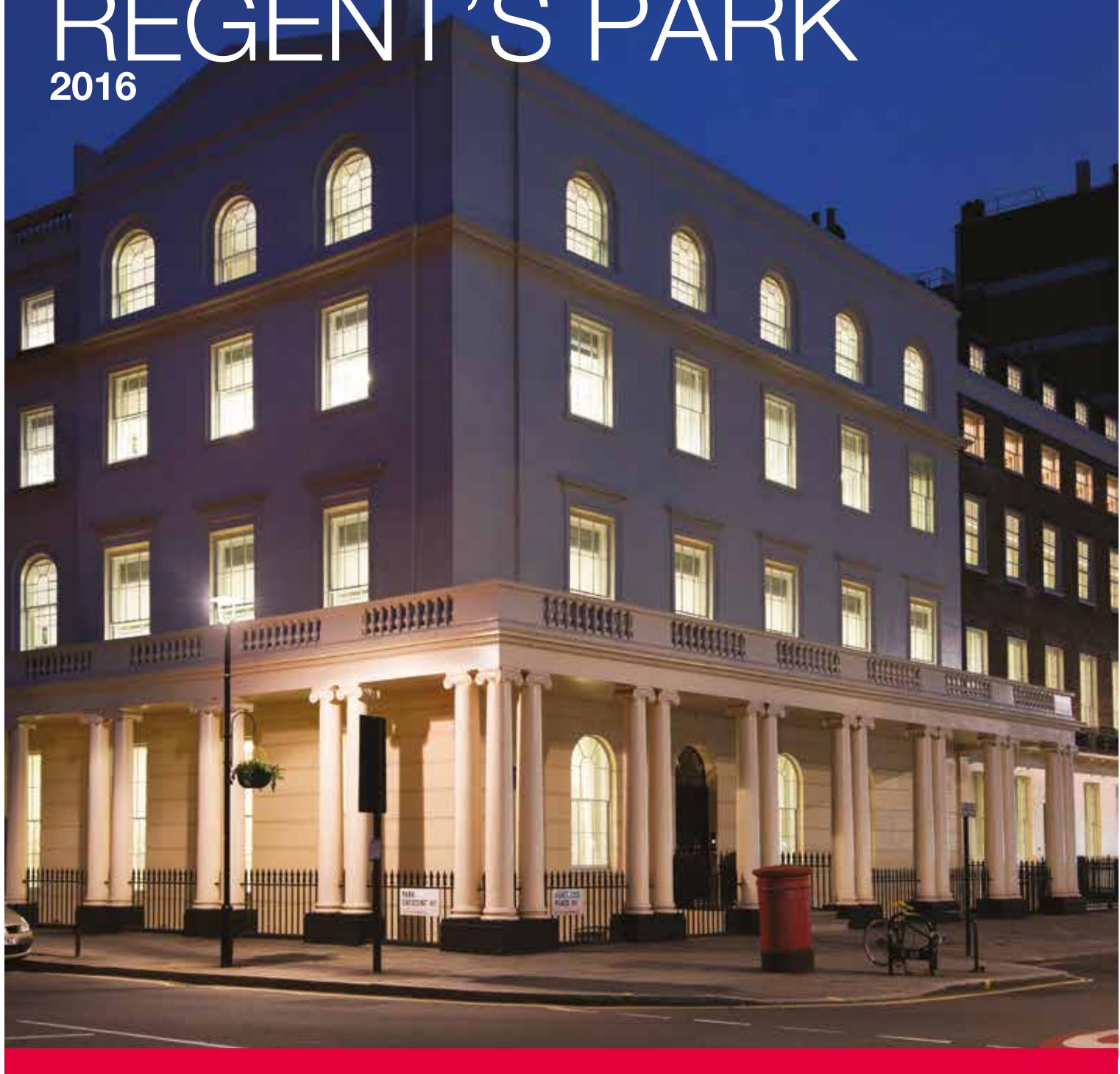


RESIDENTIAL RESEARCH



FOCUS ON: MARYLEBONE & REGENT'S PARK

2016

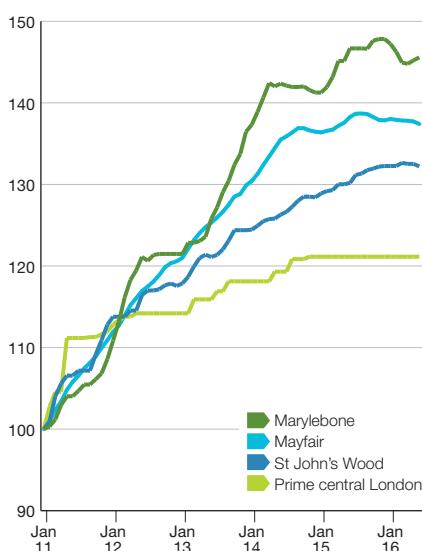


BUYER PROFILE ANALYSIS

PRICE PERFORMANCE COMPARED

WALK-TIME MAP

FIGURE 1
HPI growth comparison



Source: Knight Frank Research

Over the past decade, Knight Frank's Wealth Report has ranked the top global cities that matter most to the world's wealthy, in terms of where they want to live, work, grow their business, network, educate their children and enjoy the lifestyle. London and New York have always vied for the top spot, but in 2015 and 2016, London is in top position.

Most Important cities to UHNWIs

1	London
2	New York
3	Singapore
4	Hong Kong
5	Dubai
6	Shanghai
7	Paris
8	Sydney
9	Beijing
10	Geneva

MARYLEBONE

The vast improvement to the public realm in the last 10-15 years has been a catalyst in establishing Marylebone as an economic and residential centre, now competing against London's more established and historic locations.

These factors have contributed towards the Marylebone now being seen as a popular location for prime and super-prime residential development – rivalling the traditional super-prime 'hubs' of Kensington and Chelsea. The regeneration of the area has been steered and overseen by two of the great estates, the Howard de Walden Estate and the Portman Estate.

The Howard de Walden Estate played a major role in establishing Marylebone High Street as one of London's premier shopping destinations, carefully curating the retail space and creating a locality which is now renowned for its emphasis on independent businesses.

The Portman Estate, meanwhile, has proved instrumental in attracting businesses to a previously overlooked area to the north of Oxford Street. Chiltern Street is now home to some of London's finest restaurants and boutique shops after the estate took over the management of its retailing in 2009.

The two estates have also played a key role in the delivery of new homes in Marylebone, accounting for over a third of the developments completed in the last five years. While the area has become more attractive for residents, some 300 units have been built in the area since the start of 2011, averaging fewer than 50 a year. Some 217 units are currently under construction and due to be completed in the coming years, while there is potential for 127 further residential units which have been granted planning.

The delivery of new homes has coincided with residential values in the area having risen by 46% since the start of 2011. As a result, price growth in Marylebone has outperformed the neighbouring areas of Mayfair and St John's Wood as well as the wider prime central London market over this time-frame.

Despite this, across prime central London, the market is still adjusting

FIGURE 2
Size of developments in Marylebone



Source: Knight Frank Research

to changes made to stamp duty in December 2014, and the extra 3% stamp duty introduced for the purchase of additional homes in April this year. As a result, price growth has slowed in many locations. However, Marylebone has seen only a modest 1.7% decline in prices in the year to August 2016, compared to steeper falls in more western areas of prime central London. Since 2009, prices are up by a cumulative 72%.

While Marylebone has performed well as an investment option in recent years, the area retains an enduring appeal to buyers of all ages. In the last two years over two-thirds of buyers were aged 40-59 years old, with one in ten buyers aged under 30.

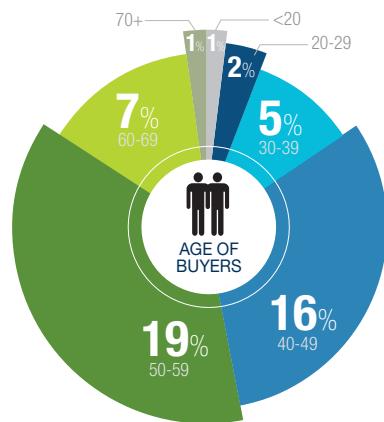
Regent's Park

Having cemented its standing as a prime central London location, Marylebone's success has extended into neighbouring areas such as Fitzrovia and, more prominently, Regent's Park.

Like Marylebone, another of the Great Estates has played an active role in this market, with Regent's Park in the ownership of the Crown Estate (it has been ever since it was acquired by Henry VIII in the 16th Century). The 11 terraces, squares and crescents that border the Royal park are considered amongst the most exclusive addresses in the capital. Knight Frank research from 2014 showed strong correlation between higher house

FIGURE 4

Age of buyers in Marylebone & Regents Park, last 2 years



Source: Knight Frank Research

prices and proximity to parks in the capital, although it acknowledged that the type of housing stock may have had an influence. This price differential grew even more notable in and around Royal parks.

Price growth in and around Regent's Park is not uniform, as shown in figure 3. However, residential prices to the south of the park, next to Marylebone, have outperformed to a notable extent when compared to average growth seen over the last two in the wider area, including the Hyde Park Estate and Mayfair.

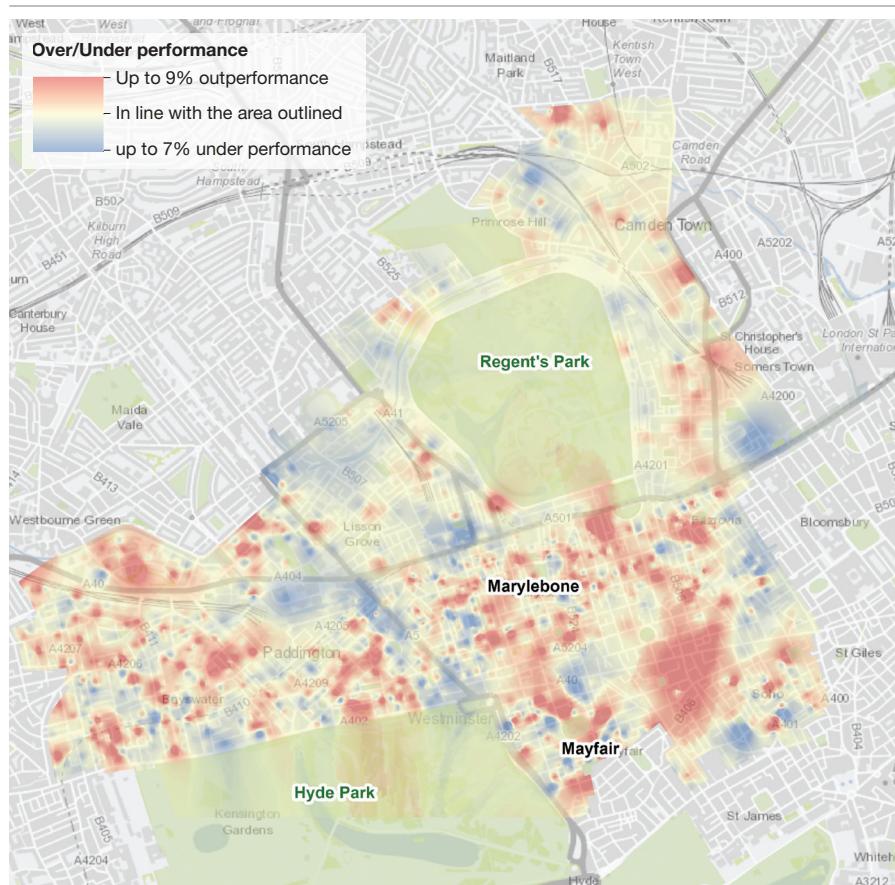
The scarcity of new stock coupled with the nature of the existing housing stock, as well as the world class amenities now on offer close by in Marylebone, will serve to underpin this market. In fact, both Regent's Park and Marylebone have been recently tipped by Knight Frank as future 'golden postcodes' for super-prime development, joining the roster of Chelsea, Belgravia, Kensington and Knightsbridge.

72%

cumulative price growth
in Marylebone since 2009

FIGURE 3

Over/under performance of house prices against the area outlined 2014-2016



Source: Knight Frank Research



Connectivity

Regent's Park and Marylebone are well connected with five main line railway stations within walking distance. All stations provide national services while Heathrow Airport is a 15 minute train journey from Paddington. Meanwhile, the Euro Star runs from St Pancras. Moreover, Crossrail stations at Paddington and Bond Street will increase the area's connectivity further.

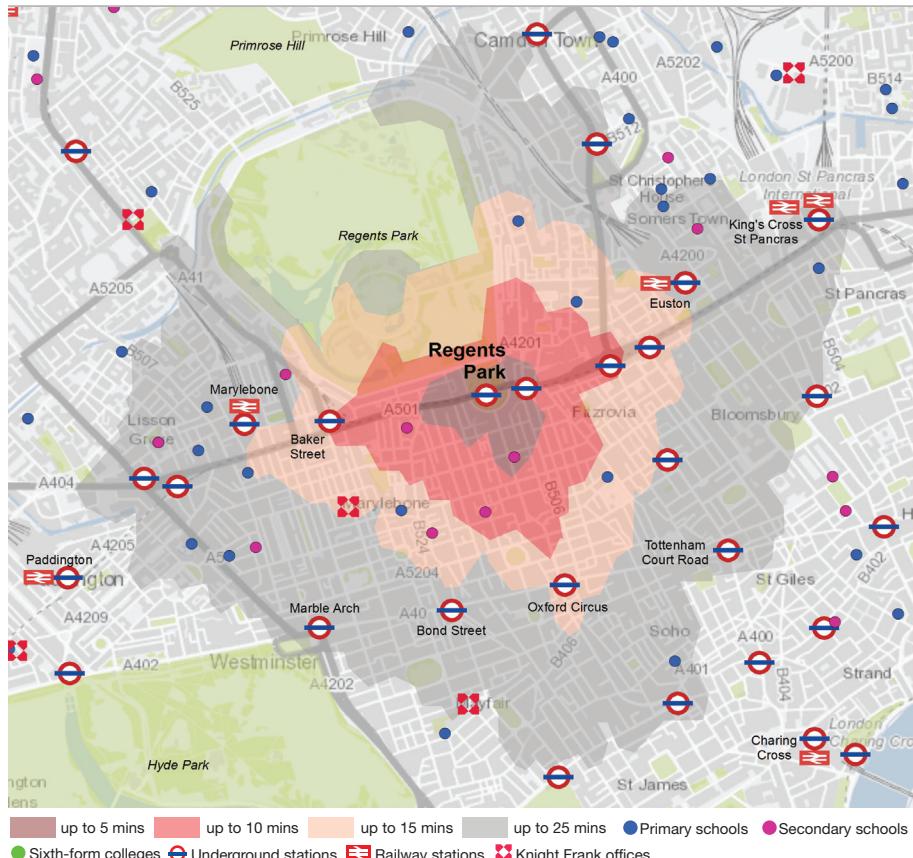
Given its central location the area provides easy access to numerous world class schools and universities, easily reached by tube or within walking distance (figure 5). Furthermore, the

shopping hotspots of New Bond Street, Mount Street and Regent Street, along with the various boutiques in Mayfair, are all within the areas vicinity.

Outlook

In the short-term, leading indicators of activity have picked up in the prime central London market since Brexit, although uncertainty remains until the shape of the UK's exit from the EU starts to become clear. Taking a longer-term view, London will remain a global financial and cultural hub, with established areas such as Marylebone likely to benefit from their location and amenity.

FIGURE 5 Regent's Park walk-time map



Source: Knight Frank Research

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



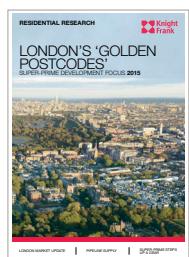
The Wealth Report 2016



Prime Central London Sales Index - Aug 2016



Prime Central London Rental Index - Aug 2016



London: Super-Prime Development Focus - 2015

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

RESIDENTIAL RESEARCH

Gráinne Gilmore

Head of UK Residential Research
+44 20 7861 5102
grainne.gilmore@knightfrank.com

David Ramsdale

Senior Analyst
+44 20 3866 8038
david.ramsdale@knightfrank.com

LONDON RESIDENTIAL

Meriam Makiya

Partner
+44 20 7861 5487
meriam.makiya@knightfrank.com

Christian Lock-Necrews

Partner
+44 20 3435 6441
christian.lock-necrews@knightfrank.com

Knight Frank 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.



Important Notice

© Knight Frank LLP 2016 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.