

RESIDENTIAL RESEARCH



AREA FOCUS

LEWISHAM, WEST HAM & TOTTENHAM HALE
2016



TRANSPORT INFRASTRUCTURE

MARKET DRIVERS

HELP TO BUY

KEY FACTS

Tottenham Hale and **Lewisham** are both set to benefit from the next round of infrastructure upgrades in London, and both areas are positioned within larger regeneration zones

Residential prices in and around **Tottenham Hale** rose by **20%** in 2015 and have risen by 32% over the two years to July 2016

There are over **10,000 new homes in the planning pipeline** with full permission granted in Lewisham

House prices in West Ham are among the lowest of any **Zone 1 or 2 locations along the Jubilee line**

OVERVIEW

Changes to infrastructure, regeneration and affordability are three key themes which can drive the growth of local housing markets.

This report examines the opportunities provided in three geographically disparate areas which are linked by these themes and their development potential.

Tottenham Hale in the North East, **West Ham** in the East and **Lewisham** in the South East are poised to benefit from large-scale regeneration underpinned by the potential for upgrades in local transport infrastructure.

Tottenham Hale sits on the proposed Crossrail 2 Line, while Lewisham will see its connectivity further boosted by the Bakerloo Extension. The new London Mayor, Sadiq Khan, has pledged to support both of these infrastructure projects, and as the construction of the Elizabeth Line (Crossrail) draws to a close there will be an increased appetite for new large-scale infrastructure projects in the capital. It has been suggested that work could start on Crossrail 2 in 2020, a year after the final parts of the Elizabeth Line become operational. West Ham, meanwhile, has recently been “rezoned” from Zone 3 to Zone 2/3 to recognise the

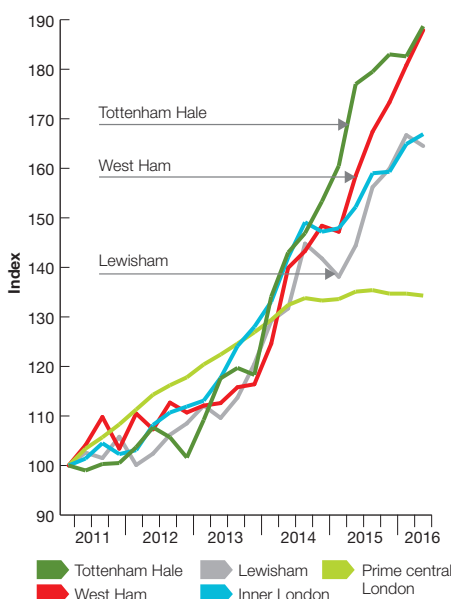
capital’s economic shift eastwards, and is located a short journey from two new Elizabeth Line stations.

These areas are also set to benefit from larger regeneration and re-development plans, which are historically aligned with uplifts in pricing. In terms of pricing, the residential markets in these areas have outperformed not only Greater London average pricing but also prime central London pricing, buoyed by the ‘ripple effect’ out from central boroughs, but also by the relative value on offer in these areas.

The capital values in these areas also mean that many buyers will be able to benefit from Government schemes designed to help them climb onto the property ladder. The introduction of the London Help To Buy Equity Loan is examined in more detail on page 6.

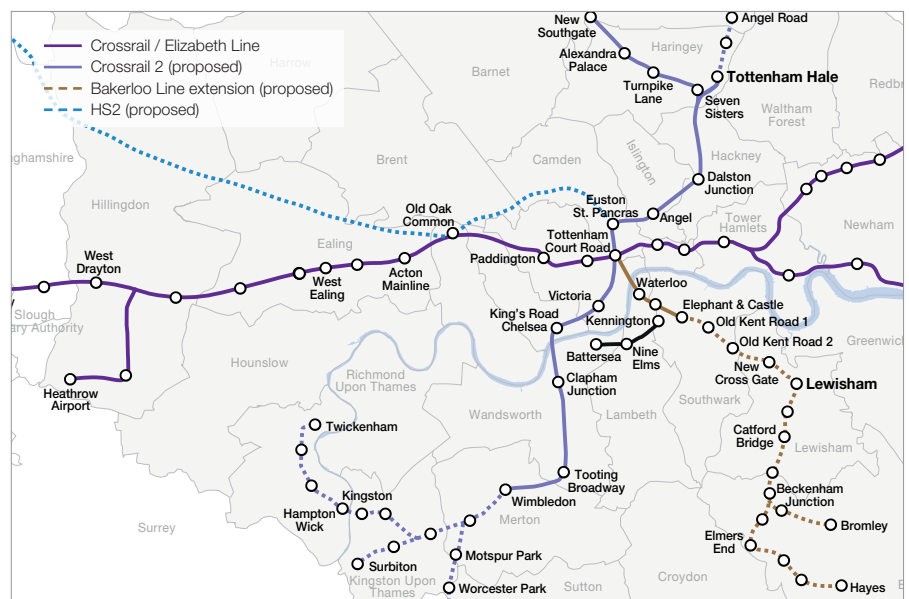
Infrastructure, regeneration and affordability – all factors which Knight Frank believes will underpin these opportunity areas in the years to come.

FIGURE 1
How price growth compares



Source: Knight Frank Research

FIGURE 2
Future transport infrastructure



Source: Knight Frank Research

Tottenham Hale

Tottenham Hale is positioned within one of the largest regeneration schemes in London. The area is poised for the potential benefits of large-scale placemaking and infrastructure improvements, coupled with good affordability levels.

Some 30 hectares of development and investment opportunities have been identified around Tottenham Hale by Haringey Borough Council. The area also forms part of the Upper Lea Valley regeneration plans – a joint initiative with the GLA, TfL and four London boroughs which is set to deliver thousands of new homes and jobs by 2025.

In total, the council has committed to building 5,000 new homes in Tottenham Hale as well as attracting new businesses to support the creation of 4,000 new jobs.

The regeneration is centred on improvements to transport links, with £110 million being invested in the refurbishment of a new station

which will house the Underground, Greater Anglia trains and buses. There are also road network improvements and public realm works being carried out, which are due to complete in 2017.

The GLA's own housing projections show that an additional 21,000 households will be created in Haringey by 2026, a rise of 18%. This is a higher rate of growth than the 16% projected increase in households over the next decade for London as a whole and equates to around 2,100 new households being created every year.

There are currently around 4,600 new homes with planning in the supply pipeline in Haringey. Some 2,000 of these are within schemes that are already under construction, although these may not be completed for several years.

This area will also have access to a larger part of demand as affordability levels are relatively higher than other areas. Average property values in Tottenham are lower than in other established residential neighbourhoods in

west and east London which have a similar travel time to central London (15 minute tube journey to Oxford Street), as shown in figure 2.

Already highly connected to central London, Tottenham is also a direct 33-minute train journey to Stansted International Airport, meaning Europe is also within reach.

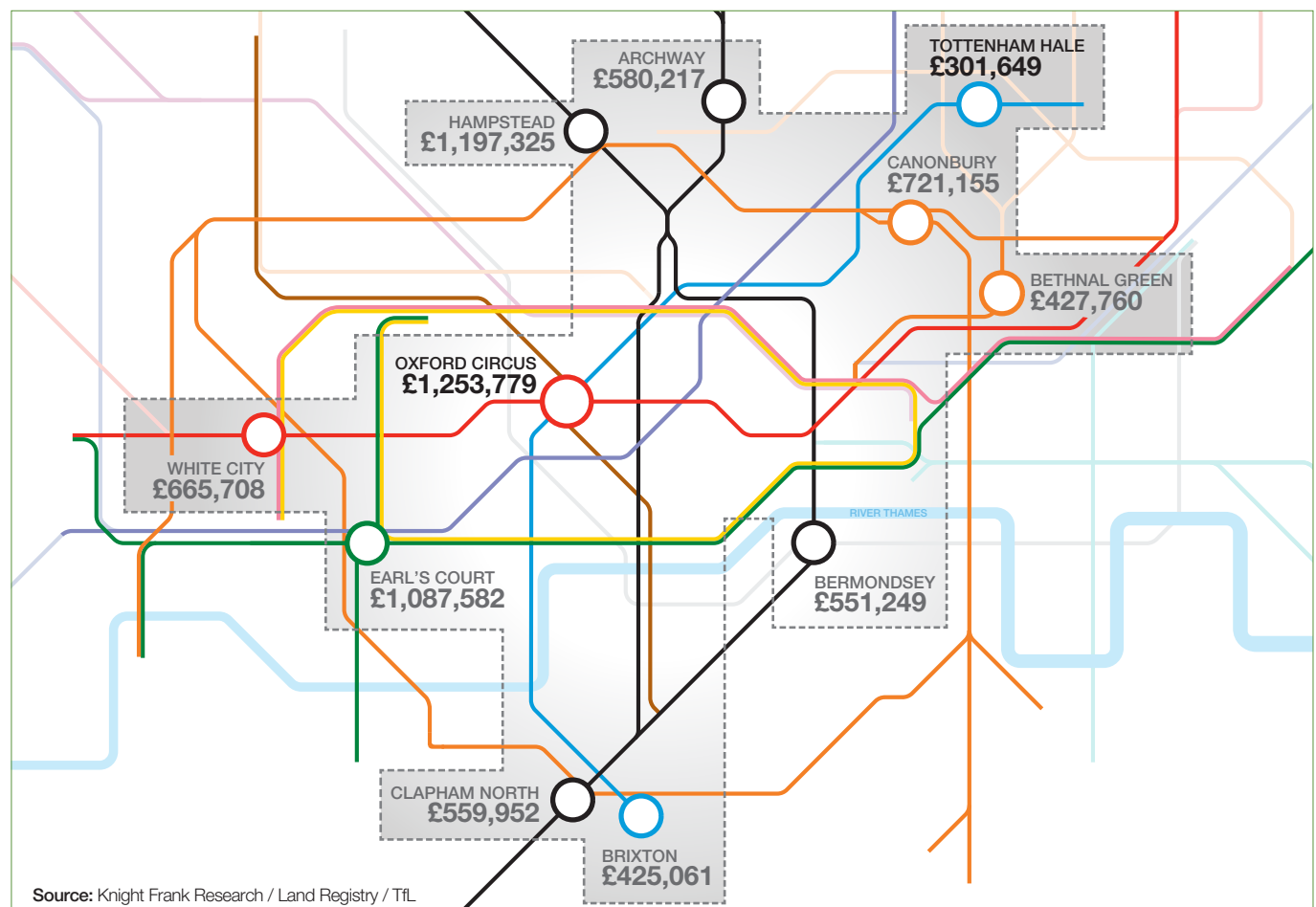
Tottenham Hale is also on the preferred route for Crossrail 2, the high-speed north-south London rail line earmarked for completion in 2030, which will further augment the connectivity of the area.

Knight Frank research shows that residential prices within a 10 minute walk of many stations on the Elizabeth Line, which runs west-east, have outperformed those in the wider local boroughs since Royal Assent was granted in 2008.

In 2015, Knight Frank identified Tottenham Hale as a Development Hotspot within the capital with new-build property prices expected to outperform the wider London market.

FIGURE 3

Average residential property prices within a 15 minute underground commute of Oxford Circus



Lewisham

Thousands of new homes have been earmarked for development in Lewisham, supported by the creation of new jobs and retail space. Public realm and infrastructure improvements are also planned to help boost the area's appeal to a wider demographic.

The population of Lewisham borough is forecast to grow by 10% between 2016 and 2026 above the 9% increase expected across London over the same period.

The focus of the redevelopment in the coming years is in Lewisham Town Centre, Catford Town Centre and the Deptford New Cross area, all three of which have been identified as regeneration and growth areas by the borough council.

The activity planned will help these localities further expand as residential districts, supported by good transport links to London's primary business districts. Canary Wharf, the City and the West End are all reachable within 20 minutes via Dockland's light railway and overland trains.

Transport for London's PTAL scoring system, which measures the distance to the nearest public transport stop and service frequency, gives Lewisham the highest possible score, making it among the best connected areas in the capital.

The importance of locations which are close to transport hubs was underlined in Knight Frank's Tenant Survey, the largest survey of private rented sector tenants ever conducted across the UK. This showed that more than 71% of those living in the capital said that this was a key factor when choosing a rental property.

Plans to extend the Bakerloo line to Hayes in 2030 with stations at New Cross, Lewisham town centre and Catford, if approved, will open up this area of south east London further. Changes in transport infrastructure often attract inward investment, creating additional demand for housing and driving future development, regeneration and employment growth.

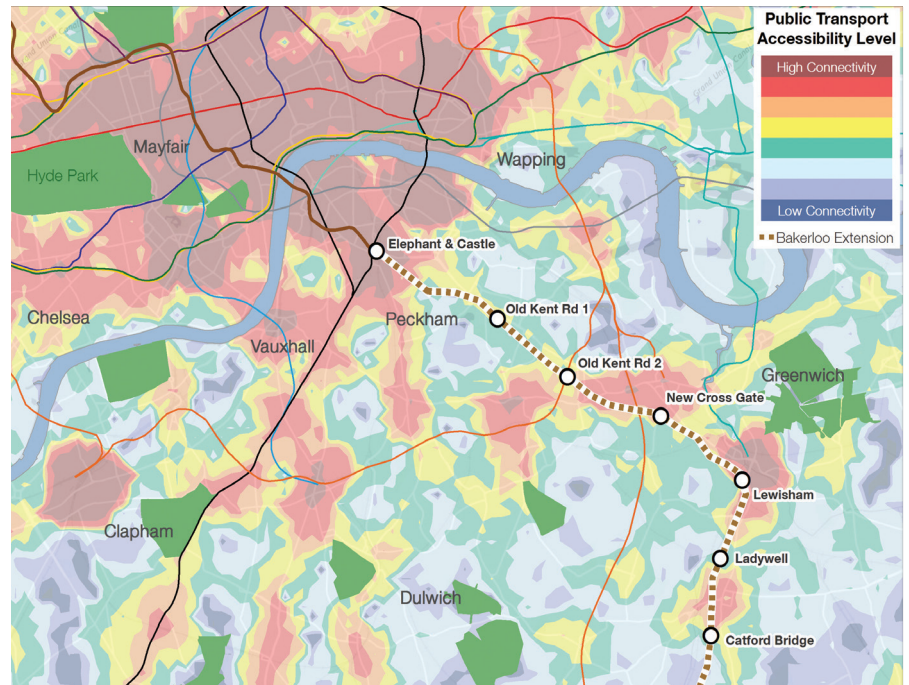
Average property values in Lewisham are currently notably lower than those in other residential neighbourhoods with similar, or lower, transport accessibility, as shown in the maps opposite.

There are over 10,000 new homes in the planning pipeline with full permission granted in Lewisham, with just under half of this total currently under construction.

FIGURE 4

Transport connectivity

TFL PTAL map measuring distance to nearest public transport stop and service frequency

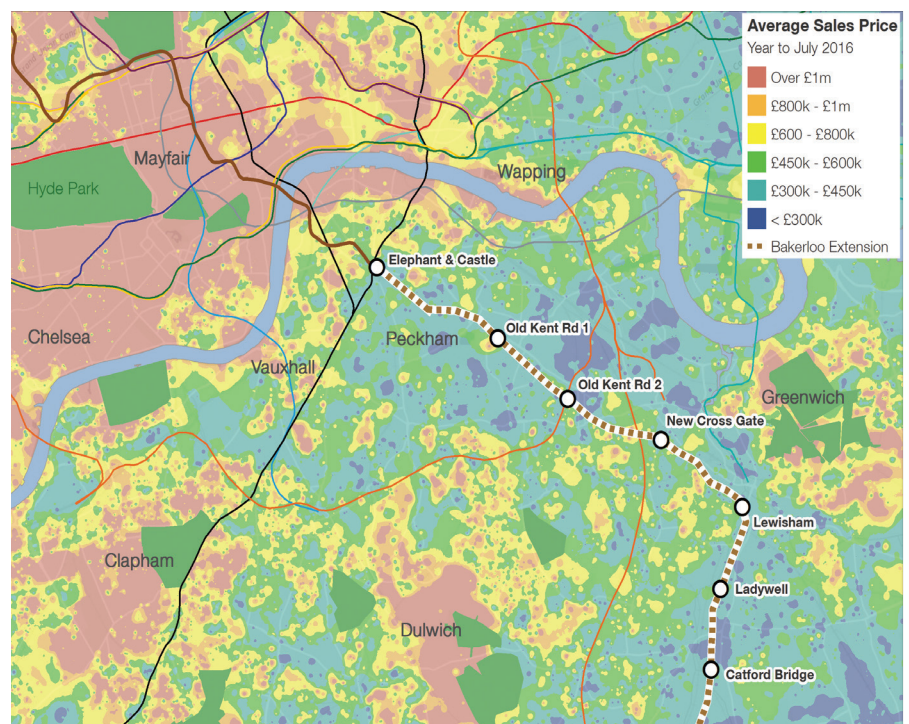


Source: Knight Frank Research / TfL

FIGURE 5

Prices compared

Average sales price (year to July 2016)



Source: Knight Frank Research / Land Registry

West Ham

Situated in one of the most active London boroughs for residential development, West Ham is surrounded by large-scale regeneration.

Stratford continues to transform as part of the Olympic legacy, while the Lower Lea Valley Opportunity Area is expected to deliver a minimum of 32,000 new homes and over 50,000 jobs by 2031.

Across the London borough of Newham, 24,953 residential units have planning permission, of which over 10,000 are currently under construction, according to data from Molior. As highlighted by figure 6, Newham, along with Tower Hamlets, account for the highest proportion of large-scale development schemes in the capital.

Development of such a scale is required, with the DCLG projecting over 27,000 households will be created in Newham by 2026.

While the majority of development is clustered around Stratford as it moves towards being an employment and transport hub, the council has set out plans for residential development around West Ham station.

There are currently 5,700 units in the pre-planning stages within 500m of the station.

West Ham was recently rezoned by TfL from Zone 3 to Zone 2/3. As a result, local residents commuting into central London can save £224 in travel costs per year.

Furthermore, as shown in figure 7, house prices in West Ham are among the lowest of any other Zone 1 or 2 locations along the Jubilee line. Coupled with the District, Hammersmith & City, Overground and DLR lines, along with Crossrail running from Stratford from 2019, West Ham is extremely well connected, providing direct access to the City, West End and Canary Wharf.

In addition to this, London City Airport is a 10-minute train journey from West Ham and has recently been given the go-ahead

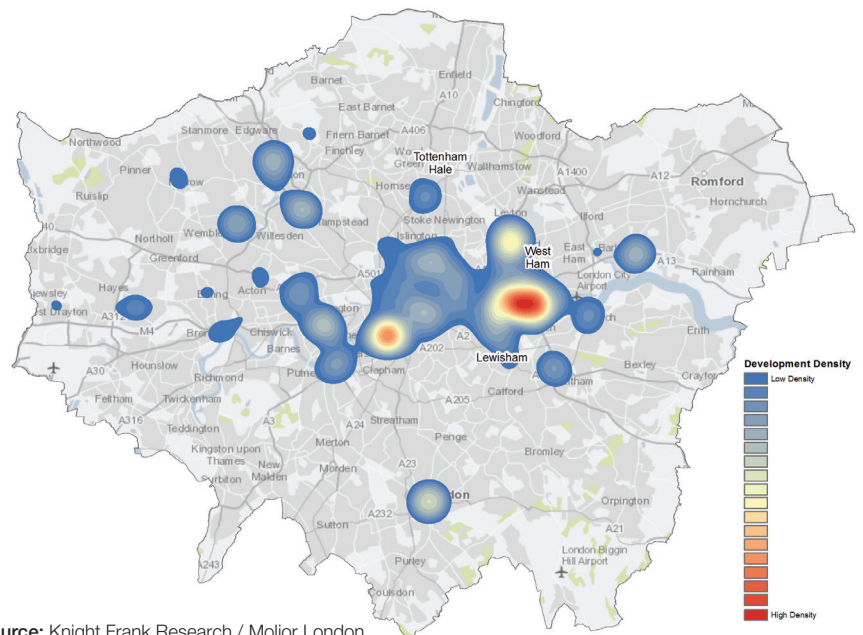
for a £344 million expansion that will include extra passenger capacity and investment into the DLR to provide a more frequent service.

As an area that has yet to see any notable residential development, values in West Ham are lower than in neighbouring Stratford, Canning Town and Canary Wharf. However, the significant development potential, transport connectivity and vision of the council to create a local centre around West Ham station are all expected to underpin pricing in the coming years.

FIGURE 6

Location of large-scale developments

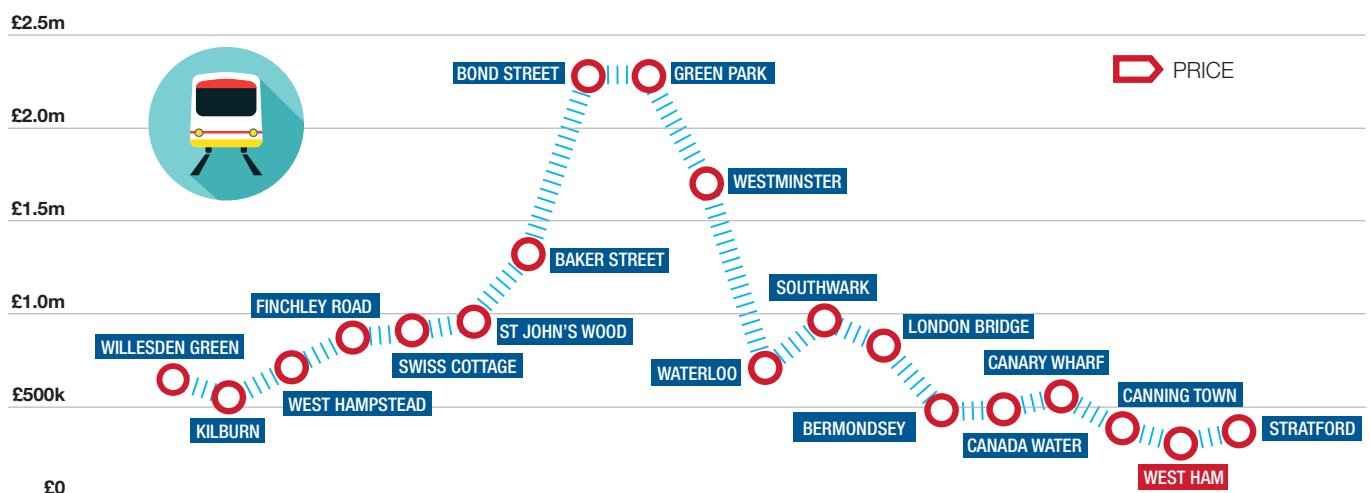
Density of schemes with planning permission in London with 500+ units



Source: Knight Frank Research / Molior London

FIGURE 7

Pricing the Jubilee Line Average sales price within 500m of Zone 1/2 stations (year to July 2016)



Source: Knight Frank Research Note: not enough sales data for North Greenwich



Help-to-buy

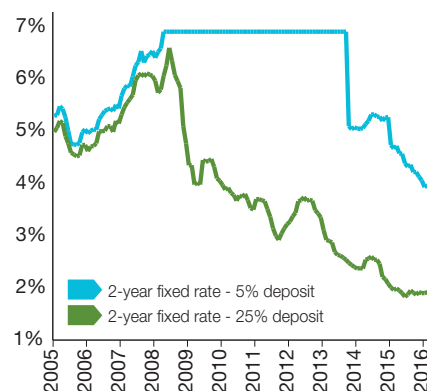
More than 80,000 buyers have used the Government's Help to Buy Equity Loan scheme to buy a new-build home. The scheme allows borrowers with smaller deposits to take advantage of a 20% equity loan from the Government to allow them to access mortgage deals – which are more readily available and less expensive for those who have a deposit of 25% or more. This can be seen in figure 8, which shows that the average mortgage rate for a borrower with a 5% deposit is around 2 percentage points higher than a borrower with a 25% deposit.

Given the relatively higher price to earnings ratio for homes in London, and the resulting deposit 'hurdle' especially for first-time buyers in the capital, the Government in February extended the scheme just for Londoners, offering equity loans of up to 40%. This means that those with a 5% deposit can in theory access deals available at LTVs of 55%, which again are less expensive.

The equity loan is repayable upon the sale of the property, and interest is charged on the loan after five years.

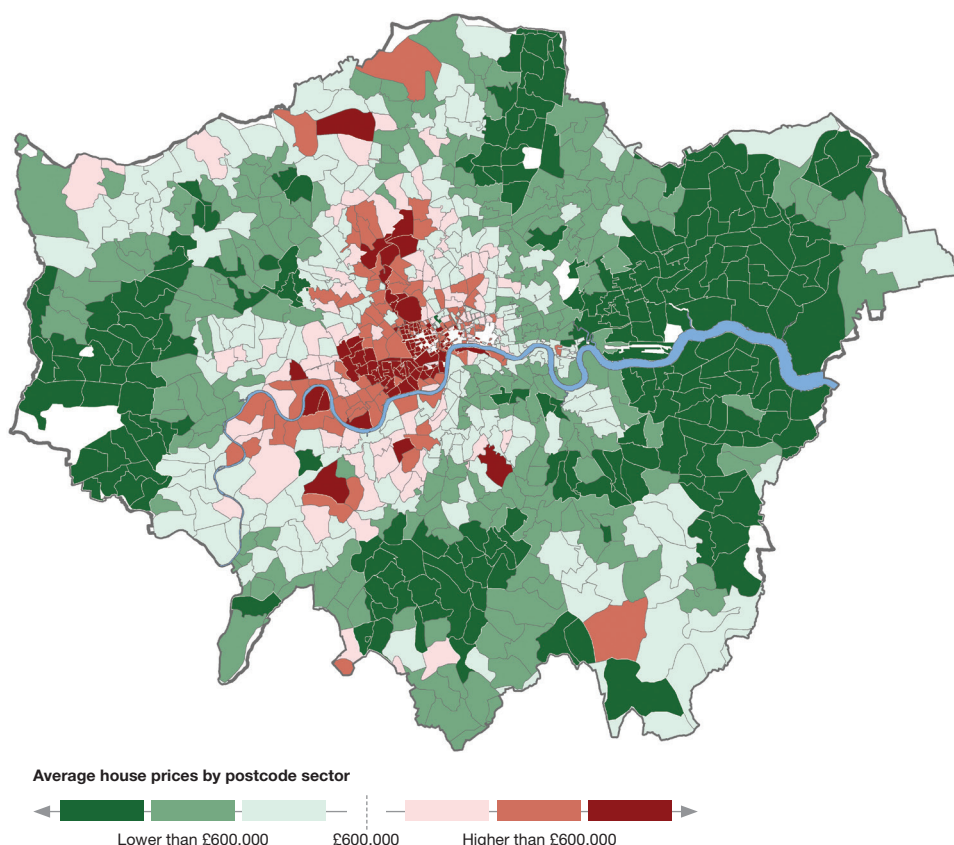
Given that the maximum value of loans available under Help to Buy are for properties of up to £600,000, the extended Help to Buy could help open up more markets for potential buyers, as the map below shows. The green areas of the map show where average prices in each borough are £600,000 and under – the darker the green, the bigger the discount in average prices compared to the £600,000 threshold.

FIGURE 8
UK mortgage lending rates
2005-2016



Source: Knight Frank Research

FIGURE 9
Help to Buy London



Source: Knight Frank Research

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