

BATTERSEA MARKET INSIGHT 2016

Price growth in the Battersea property market is performing in different ways depending on how close to the park you are located, as Kris Ericsson tells Tom Bill

Located on the south bank of the River Thames opposite Chelsea, the Battersea property market has been a primary beneficiary as prime market buyers have widened their search beyond the traditional central London postcodes in recent years.

Following a period of exceptional growth that saw prices in prime central London rise 60% between 2009 and 2013, buyers have increasingly sought better value-for-money in south-west London and the trend has been exacerbated by higher rates of stamp duty above £1.1 million.

In addition to Battersea's greater proximity to central London than other south-west London areas, the other primary driver of demand is the high quality of the non-fee paying and French schools in the area.

However, the majority of this demand has been focussed on the conservation area surrounding Battersea Park, a neighbourhood that comprises Victorian mansion blocks on roads that include Prince of Wales Drive, which is an area outlined in figure 1.

As a result of this growing demand, typically from French and Italian City workers, average prices for the relatively large flats around Battersea Park in the three years to 2015 rose 47% to £1.27 million, which exceeded a figure of £1.17 million for a flat in Chelsea, LonRes data shows.

The average price per square foot around Battersea Park grew to £1,119 from £813 over the same period, halving the average discount to Chelsea from -42% to -21%.

"After several years of very strong growth, prices around Battersea Park need to come back into line" says Kris Ericsson, the head of Knight Frank's Battersea office. "Buyers simply don't understand why many apartments are more expensive than similar properties in Chelsea and Fulham."

FIGURE 1

Property prices in Battersea and surrounding area

Maximum price, 12 months to July 2016

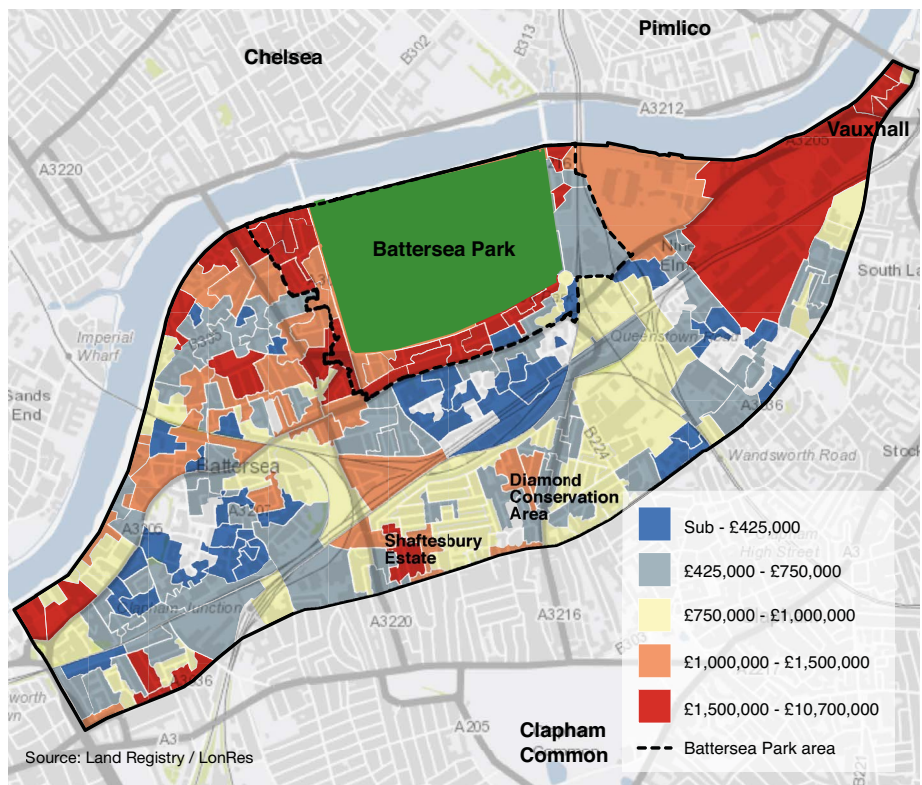


FIGURE 2 Battersea fact sheet

47% Increase in the average price around Battersea Park between 2012 and 2015

£1.27 million Average sale price around Battersea Park in 2015

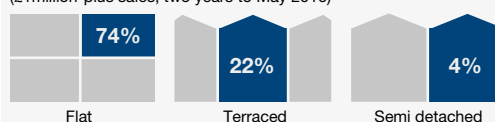
£725 to £900 Average price per square foot in the Shaftesbury Estate and Diamond Conservation Area

Blue Plaques

Edward Wilson, Antarctic explorer, naturalist
Short Brothers, Aeronautical engineers

PROPERTY TYPE

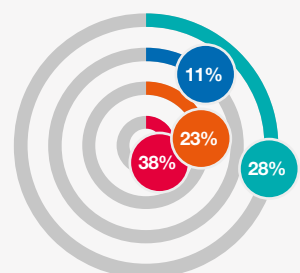
(£1million-plus sales, two years to May 2016)



Population: 54,675 (Area above)

AGE OF HOUSING STOCK

Pre-1900 1900-1939
1945-1972 1973-present



Source: Knight Frank Research

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Reflecting how this process of realignment is underway, Knight Frank's Battersea index fell -6.6% in the year to September 2016.

The focus on Battersea Park means the rest of Battersea remains comparatively better value, as Kris explains in more detail below.

Prices in the area further away from the park are likely to be underpinned as the transport infrastructure improves. Two new tube stations will open as part of the large-scale regeneration of the Nine Elms area, a project that will also create 25,000 new jobs and 18,000 new homes.

In this third Battersea sub-market, large tenants include the American Embassy and Apple at the iconic Battersea Power Station nearby, a development that will bring more high-quality retail and hospitality tenants to Battersea.

Kris Ericsson, Battersea Office Head

"At the top end of the Battersea market, apartments in the mansion blocks around Battersea Park range from £750,000 to £6,000,000.

The Shaftesbury Estate and Diamond Conservation Area attract domestic buyers who want a garden and access to top schools and values range from £725 and £900 per square foot. Further east, Battersea Square is in the catchment area for the highly-rated Thomas's School and its cafes and Gordon Ramsay restaurant give it a village-like feel.

Immediately to the west are The Sisters, Victorian houses on streets named after the daughters of Victorian landowners, where average prices range from £800 to £1000 per square foot.

East of Battersea Park are modern apartments, including Chelsea Bridge Wharf, Vista and The Bridge. All have park views, modern facilities and security, making them popular with domestic buyers and international buyers."

FIGURE 3
Price growth

January 2011 to July 2016, versus area average

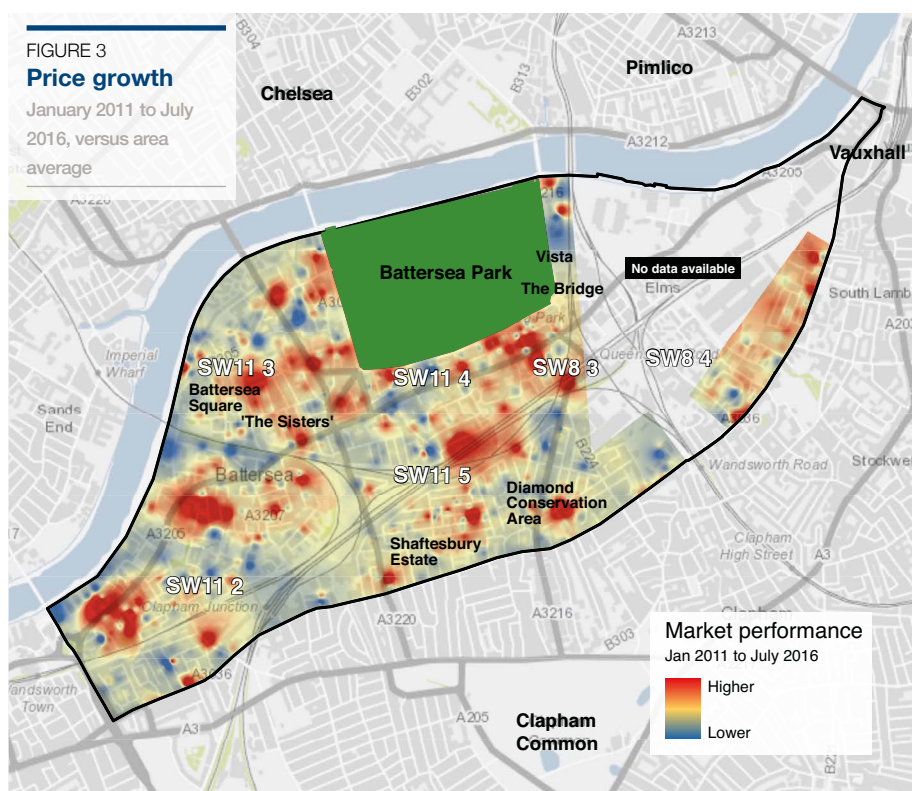
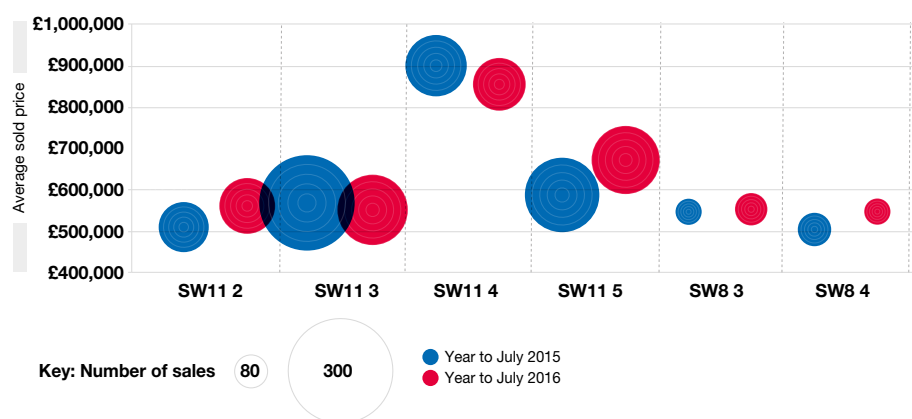


FIGURE 4

Average sold prices and sales volumes by neighbourhood

Note: Variations in average sold prices between different time periods do not necessarily indicate price growth



Source: Knight Frank Research

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