



VICTORIA AND WESTMINSTER MARKET INSIGHT 2017

As the regeneration of Victoria and Westminster gathers pace, prices increasingly represent good value versus neighbouring areas, as Robert Oatley tells Tom Bill

Long overshadowed by its reputation as a transport hub, substantial regeneration has transformed Victoria into a key central London residential neighbourhood.

Indeed, as the current phase of regeneration comes to a conclusion, the connectivity and centrality of Victoria and the wider Westminster area are becoming increasingly recognised as drivers of demand for residential property.

The district is located in the heart of prime central London, close to Belgravia and Mayfair. However, residential prices are pitched at a notable discount relative to its two more established neighbours.

The average price in the area outlined in figure 1 between January and September 2016 was £1,300 per square foot, according to LonRes. This was 47.3% lower than the equivalent figure of £2,469 in Mayfair and 35.1% below the average of £2,004 in Belgravia.

Further underlining the area's longer-term potential, the maximum achieved price of £2,019 in the same period was 56.5% below the maximum recorded in Mayfair and 63.4% lower than Belgravia.

"Few areas in prime central London offer such good value compared to neighbourhoods that are a five-minute walk away," said Robert Oatley, Knight Frank's Victoria and Westminster office head. "There has been a huge amount of investment over the last three years and the smart money has woken up to the area's potential."

Two other trends will support demand in Victoria and Westminster. The first relates to the adverse regulatory landscape that has impacted the prime central London market in recent years, including stamp duty hikes in the past 18 months for properties worth more than £1.1 million as well as investment properties and second homes.

FIGURE 1
Property prices in Victoria, Westminster and surrounding area
 Average price, 12 months to August 2016

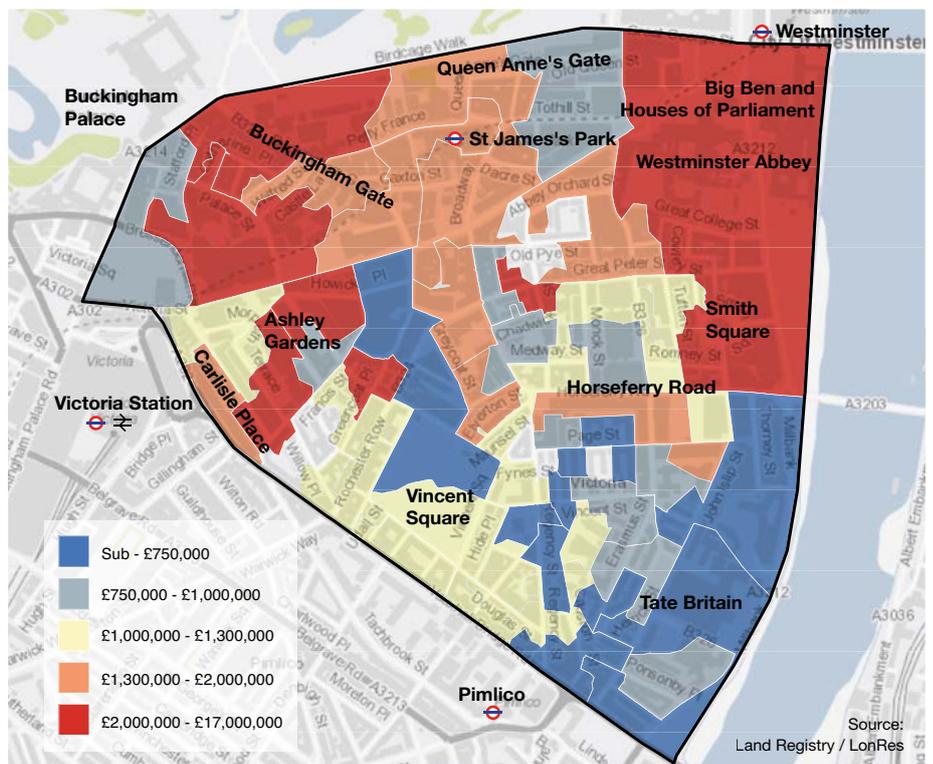


FIGURE 2 Victoria and Westminster fact sheet

- £1,300** Average price per square foot between January and September 2016
- 35.1%** Average discount to Belgravia over the same period
- 0.1%** Annual growth in November 2016
- 4.8%** Annual growth in prime central London in November 2016
- £2,900** Price per square foot for a best-in-class house on the south side of St James' Park

BLUE PLAQUES

Lord Palmerston Politician
 Lawrence of Arabia Author, Intelligence Officer

PROPERTY TYPE

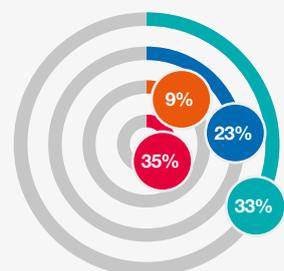
£1million-plus sales, two years to July 2016



Population: 15,427 (Area above)

AGE OF HOUSING STOCK

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



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As a result, price growth in lower-value areas is outperforming the rest of the market. Annual growth in Victoria of 0.1% in the year to November was higher than the -4.8% registered in prime central London, which includes declines of more than 10% in some neighbourhoods.

Secondly, price-sensitive buyers are less narrowly-focused on particular central London postcodes and increasingly looking for the sort of high-quality developments and amenities on offer in Victoria and Westminster.

The arrival of new offices, shops and restaurants will also support residential prices. An area once famous for its workforce of civil servants and politicians is now the headquarters for companies including Burberry and Rolls Royce as well as Michelin-starred chefs.



Robert Oatley, Knight Frank Victoria and Westminster Office Head

As a result of the regeneration and new office tenants, younger residents are moving into the area, including professional couples and international students.

Around Victoria station and in the wider Westminster area are a series of new developments, which have a range of amenities including gyms, office facilities, parking and 24-hour concierge desks. These schemes have been the catalyst for renewed interest in an area that was to some extent overlooked as a residential neighbourhood.

Further south around Westminster Cathedral there are popular red brick mansion blocks in Ashley Gardens and Carlisle Place at about £1,300 to £1,500 per square foot, as well as freehold houses on Vincent Square.

The area south of St James' Park is particularly good value. An immaculate house with park views on the market for about £2,900 per square foot compares to more than £4,000 or £5,000 north of the park.

It is a similar story in the Smith Square conservation area where grand Georgian houses, initially built for schoolmasters and politicians, cost between £1,600 to £1,800 per square foot.

LONDON RESIDENTIAL

robert.oatley@knightfrank.com
+44 20 3866 2970

FIGURE 3
Price growth

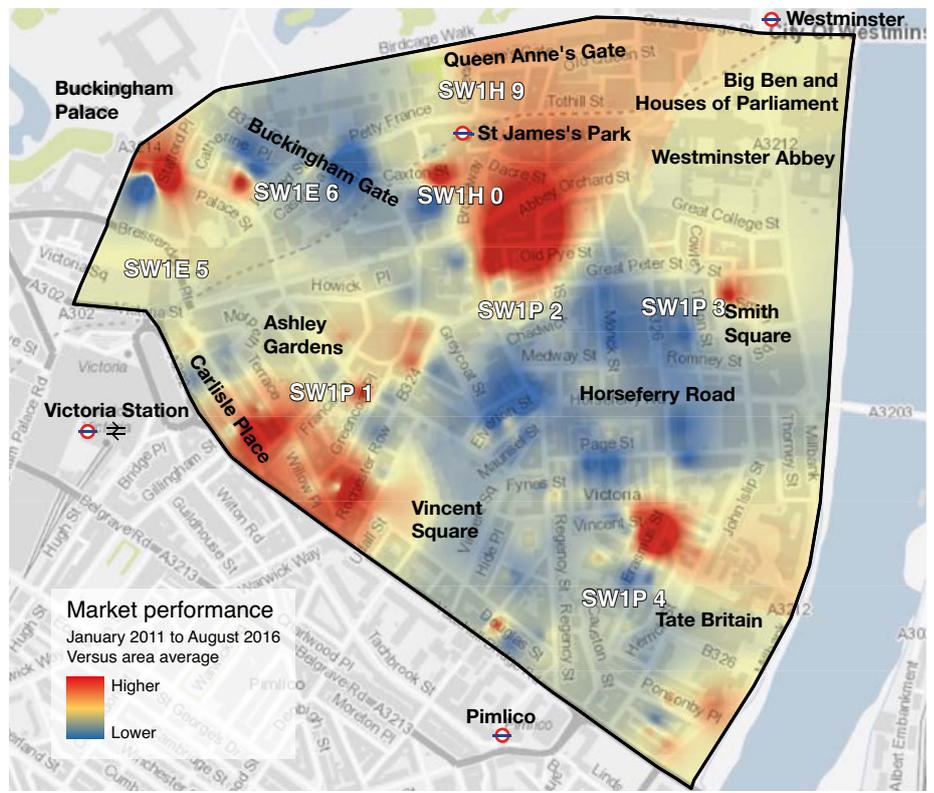
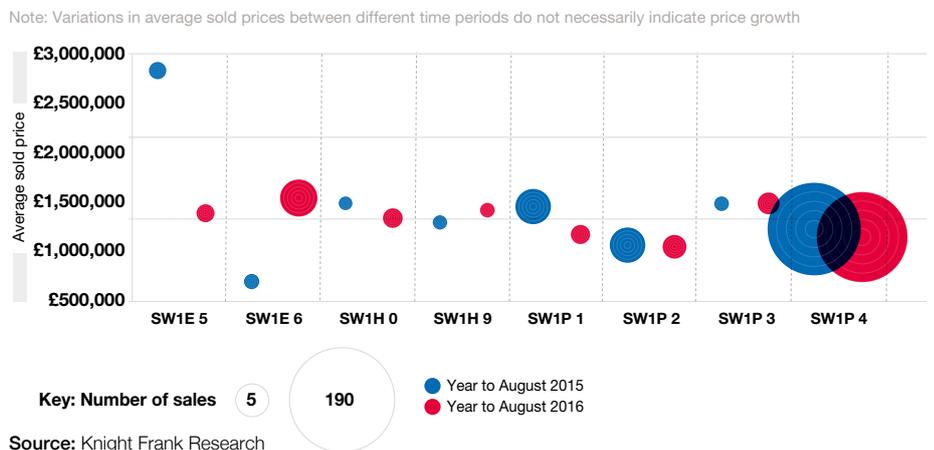


FIGURE 4
Average sold price and sales volumes by neighbourhood



Source: Knight Frank Research



RESIDENTIAL RESEARCH
Tom Bill
Head of London Residential Research
+44 20 7861 1492
tom.bill@knightfrank.com

PRESS OFFICE
Harry Turner
+44 20 3861 6974
harry.turner@knightfrank.com

Jamie Obertelli
+44 20 7861 1104
jamie.obertelli@knightfrank.com



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