

RESIDENTIAL RESEARCH



FOCUS ON: STAINES-UPON- THAMES

2017



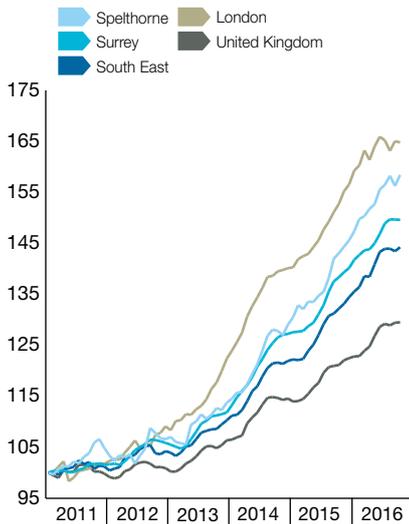
AFFORDABILITY

SUPPLY VS DEMAND

COMMUTER LOCATION COMPARISON

ALL IN THE NAME

FIGURE 1
Price growth in Spelthorne, Surrey, South East, London and UK
 Prices indexed 100 = Jan 2011



Source: Knight Frank Research/UK HPI

Over the last 10 years the town of Staines has been rejuvenated, culminating in a name change to Staines-upon-Thames in 2012

Emphasising the town's growing popularity, Staines-upon-Thames was named as the number one location in the UK to start a business in 2014 by UHY Hacker Young. Situated in the small borough of Spelthorne in Surrey, in close proximity to Heathrow Airport, the M25 and the M4 Corridor, Staines-upon-Thames forms part of the Enterprise M3 Local Economic Partnership, the UK's digital economy hub employing over 50,000 workers.

On top of a burgeoning local economy, Staines-upon-Thames is surrounded by some of the most expensive real estate in the UK outside of London (figure 2). Towns such as Virginia Water, Walton-on-Thames, Windsor and

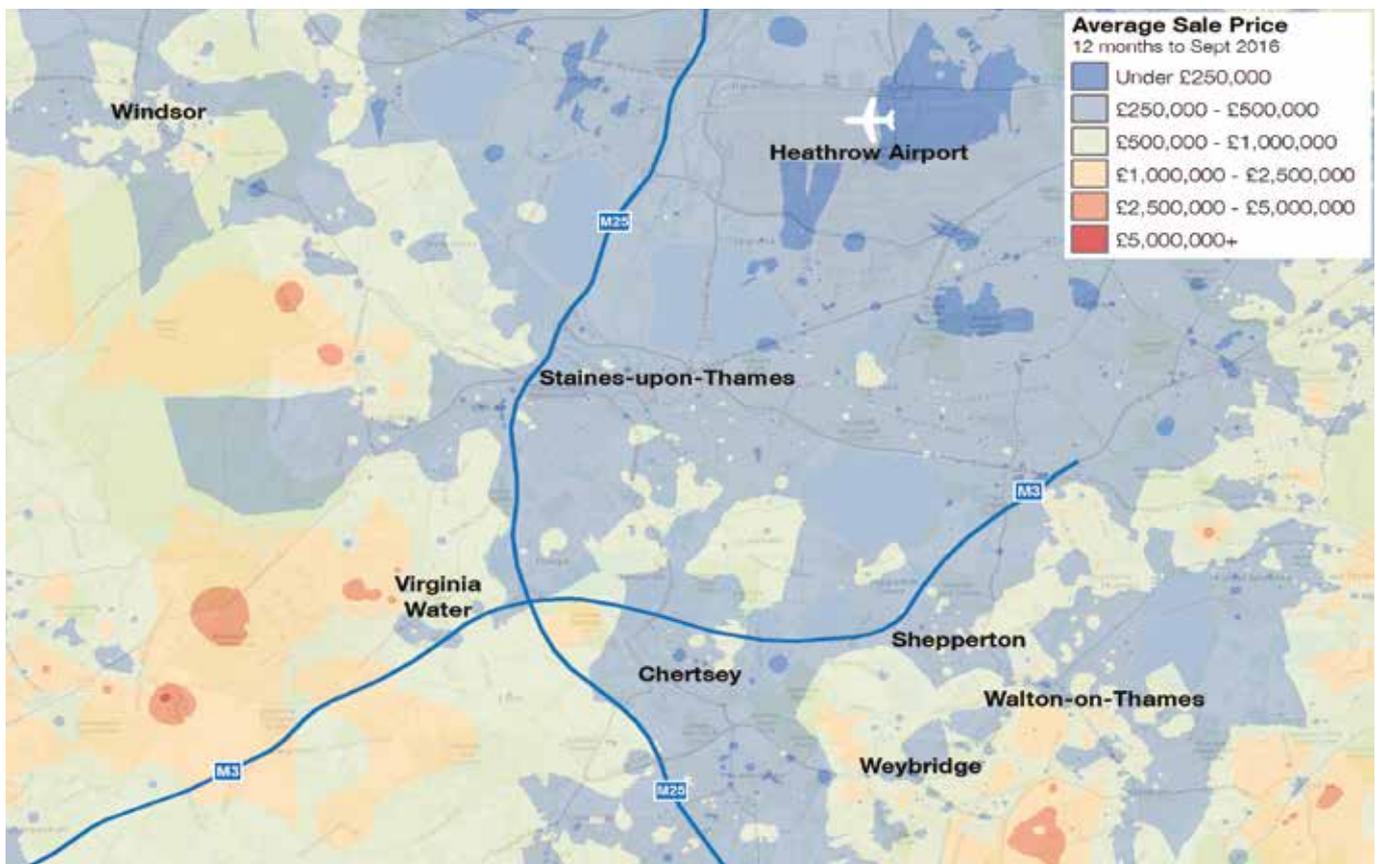
Weybridge form part of London's prime commuter belt. In comparison, it might be argued that Staines-upon-Thames is a relatively undervalued market given its geographical location.

However, there are signs that this is starting to change. In the third quarter of 2016 house prices in Staines-upon-Thames increased by 16.3%, significantly outpacing growth of 9.5% across Surrey. Despite this recent outperformance, values in Staines-upon-Thames are still around 20% below the Surrey average.

Commuter belt affordability

Official data shows that Spelthorne has one of the lowest house price to

FIGURE 2
Average sale price in the last 12 months



income ratios – a common measure of affordability – in Surrey. Latest data from the Government’s own house price affordability index highlights house price affordability in Spelthorne is significantly below the Surrey average, as shown in figure 3.

This is likely to attract greater numbers of Londoners to the town in search of more internal and external space. In fact, data from the Office for National Statistics suggests this is already happening – nearly two thirds (60%) of residents moving to Spelthorne were from London in 2015, up from 53% in 2013.

The Private Rented Sector is the fastest growing tenure type across the UK, and accounts for a fifth of the housing stock in Staines-upon-Thames (figure 6). Mosaic household analysis shows demand for rented accommodation is mainly from young professionals as well as students at the Royal Holloway University in Egham, one of the UK’s top 20 universities and home to more than 9,000 students. Monthly rental values currently average £1,106 according to data from TwentyCi, meaning rental values in Staines-upon-Thames are 28% below the average rent in London.

A lack of new homes

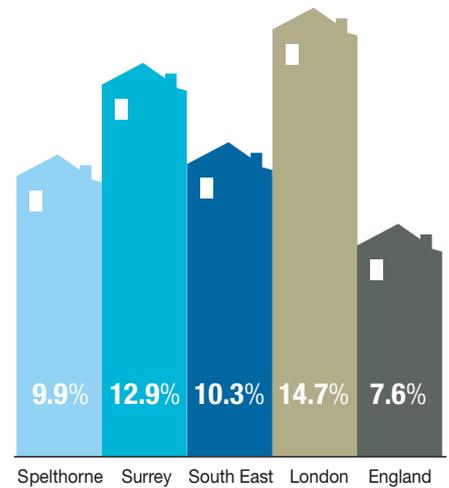
As a whole, the UK has a chronic undersupply of new homes and Staines-upon-Thames is no exception. Although the town has benefited from regeneration to improve its commercial

offering, this has yet to extend to the new homes market. In the last five years, 317 new homes have been built while a further 103 homes are currently under construction, according to data from Glenigan. Looking at the wider Spelthorne area, some 1,100 net additional dwellings have been delivered since 2011/12, compared to a projected 1,360 growth in the number of new households, indicating a 20% undersupply of housing.

Over the next five years, current projections show that 3,000 new households will be created in Spelthorne. However, the current pipeline of new dwellings suggest that supply will undershoot demand by a third. Of developments within the pipeline, two schemes exceed 200 units, both of which are located in Staines-upon-Thames – on the High Street and Bridge Street, suggesting new homes supply in the borough will be focused in and around the town.

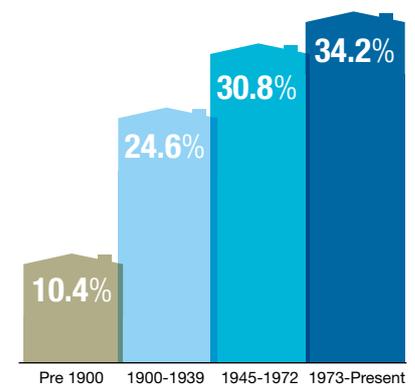
A total of 101 homes have been purchased through the Help to Buy Equity Loan scheme in Spelthorne, accounting for a fifth of new homes completions in the borough since its inception in April 2013. We expect this trend to continue in the new homes sales market. Coupled with the backlog already in place after long-term under supply and supply demand imbalance, such factors are likely to underpin price growth moving forward.

FIGURE 3
House price to earnings ratio



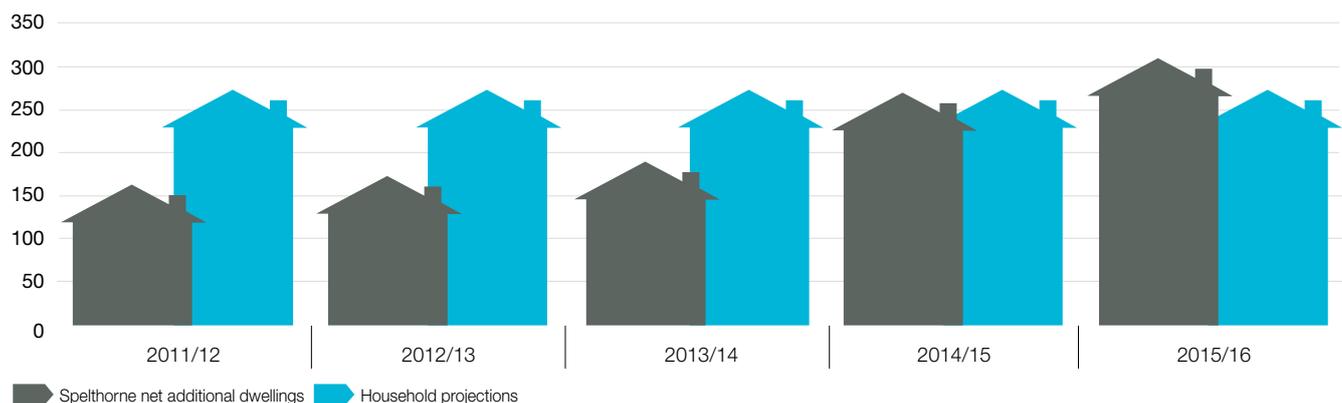
Source: Knight Frank Research/DCLG

FIGURE 4
Housing stock by age
Staines-upon-Thames



Source: Knight Frank Research

FIGURE 5
Housing supply vs household projections



Source: DCLG

Connectivity

Heathrow Airport and the air freight sector are two of the largest local employers in Staines-upon-Thames, with over 6,000 employees of Heathrow Airport living in the borough of Spelthorne. Other large employers include BP, Shepperton Studios, British Gas and Wood Group Kenny. As such, a considerable proportion of working residents in Staines commute to neighbouring boroughs as opposed to central London. This is evidenced by commuting data from the ONS which shows that, of the 18,001 residents commuting to London boroughs, 54% work in Hounslow and

Hillingdon. Conversely, just over 10% commute into Westminster, the City of London and Tower Hamlets.

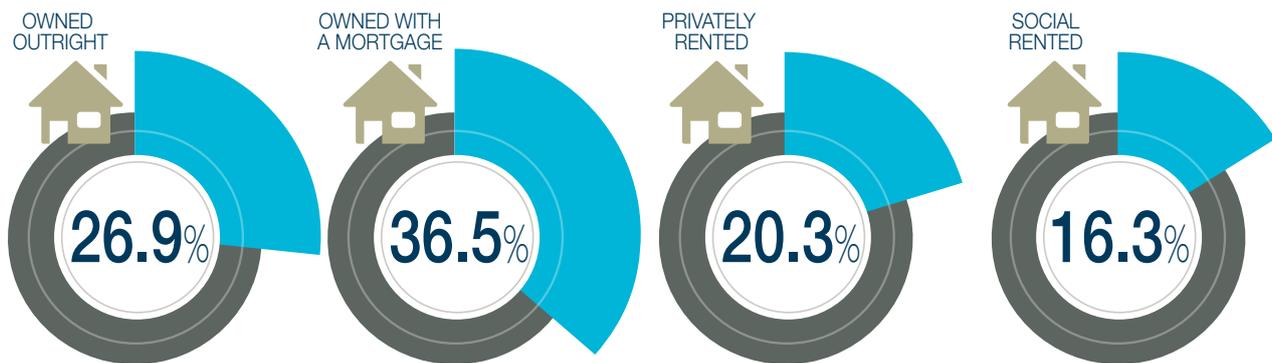
However, the fundamentals are there for Staines-upon-Thames to establish itself as a commuter location for the capital. The fastest trains into London Waterloo take 37 minutes, a commute on a par with Weybridge and faster than nearby Windsor, Chertsey, Virginia Water and Egham, as shown in figure 7. Annual rail season ticket prices are also lower than prices for similar tickets from stations in the surrounding area.

Meanwhile, from 2019, Crossrail (Elizabeth Line) will run from Reading

to Shenfield via central London, cutting journey times for millions of commuters. Those living in and around Staines-upon-Thames will be within a 15 to 20 minute drive of three Crossrail stations at Iver, West Drayton and Hayes and Harlington. Travel times to Bond Street will be reduced from 38 to less than 26 minutes from the three stations, with Liverpool Street and Canary Wharf less than 33 minutes and 40 minutes away respectively.

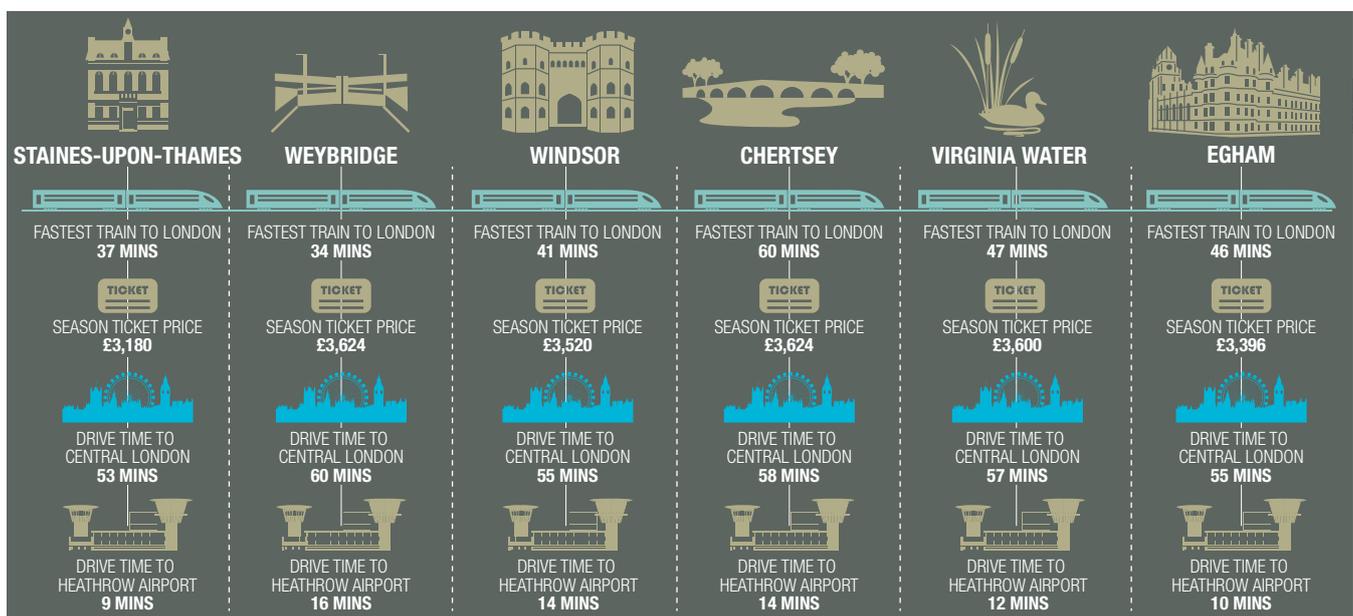
Further ahead, proposals for a second Crossrail line, running from South West London to North East London (Crossrail 2), include a regional branch

FIGURE 6
Tenure in Staines-upon-Thames



Source: ONS

FIGURE 7 **Commute and travel time comparison**



from Raynes Park to Shepperton, which would provide Staines-upon-Thames with a fourth Crossrail station within a 20 minute drive of the town centre. However, it is worth noting that Crossrail 2 is not expected to be operational until at least 2030.

Crossrail will help to attract more businesses into the area, as will plans for the Windsor Link Railway, a privately funded £200 million project that would provide a direct rail link from Staines-upon-Thames to Heathrow Airport, as well as improving connectivity to Windsor, Slough and Reading. The line will potentially be in operation from 2022, subject to planning.

A local retail hub

Staines-upon-Thames possesses the characteristics to establish itself amongst its neighbours in London's prime commuter belt. Lining both banks of the River Thames, the town enjoys almost four miles of river frontage with large homes, pubs and restaurants overlooking the river, interspersed by

rowing clubs. Meanwhile, the town hosts a local market three times a week and is on the edge of the Colne Valley Regional Park, a popular location for walkers, runners and cyclists.

The local education offering is also a draw. In the borough of Spelthorne there are 33 schools of which three are rated outstanding by Ofsted, two within Staines-upon-Thames itself. Furthermore, an additional 23 schools within the borough are considered good or very good. Such a large provision of quality schooling will certainly appeal to young families looking to move out of London in the search for more space.

Outlook

The combination of affordability, a direct train link into London which takes less than 40 minutes, a bustling high street, almost four miles of river frontage, proximity to green spaces and Heathrow Airport will all continue to contribute towards Staines-upon-Thames becoming an increasingly popular location for buyers from London and further afield.



KEY FACTS



Development pipeline: **951 new homes**



Proposed £200m WindsorLink Railway, providing a direct rail link to Heathrow Airport from 2022



South East house price forecast 2017-2021: **17%**



Home-ownership: **63.4%**, in line with UK average



Average monthly rent: **£1,106**



Private Rented Sector Stock **20.3%**



Fastest train to London Waterloo: **37 minutes**



3.82 miles of river frontage in Staines-upon-Thames



New homes delivery last five years: **317 new homes**



Best location in UK to start a business in 2014



2 Schools in Staines-upon-Thames **rated outstanding**



New homes under construction: **103 new homes**



20 minute drive to three Crossrail stations (from 2019)



79% of schools in Spelthorne rated good, very good or outstanding

Source: Knight Frank Residential Research



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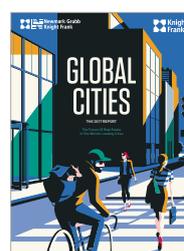
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