MARYLEBONE
LONDON MARKET FOCUS 2015

LONDON’S NEWEST SUPER-PRIME DISTRICT
MARYLEBONE OUTPERFORMS PRIME CENTRAL LONDON
BETTER VALUE THAN ‘GOLDEN POSTCODES’
Little over a decade ago Marylebone was an overlooked prime London address. Buyers focussed on the more established markets to the south in Mayfair or St John’s Wood to the north.

Over the intervening period the area has become a case study in urban rejuvenation. Renewed long-term estate planning by both the Howard de Walden and the Portman Estates, which jointly control nearly 200 acres of Marylebone and surrounding areas, has focused on improving the retail and restaurant offer, the quality of office accommodation, and improvements to the wider public realm.

These changes have all helped to underpin a sharp growth in demand for residential property, which has driven prices higher.

Over the 24 months to June 2015, price growth in Marylebone totalled 17%, compared with 10% in prime central London as a whole, and 7% and 6% in Mayfair and Knightsbridge, respectively.

The upturn has also been driven by buyers’ greater willingness to consider new neighbourhoods in an effort to find the right property – the central London market has become notably more product rather than location-led in recent years.

Looking at where Marylebone’s buyers are moving from is instructive. There is notable demand from north London, with purchasers relocating from St John’s Wood and Hampstead in particular, especially after their children have left home and there is less need for outside space.

Equally, there is continual demand from buyers looking to exchange addresses further south and west – those moving from Mayfair represented 15% of buyers over the 12 months to May 2015, while 5% of buyers moved from Belgravia, and a little over 7% came from Knightsbridge, Chelsea and Kensington.

Five years ago a key driver for moving into this area from Mayfair or Knightsbridge was relative affordability. In the intervening period, however, a process of equalisation has taken place, with Marylebone rapidly narrowing the price gap.

Now, the key drivers of demand are the quality of the urban environment and property offer in Marylebone, although the investment opportunity is still an important consideration.

As figure 6 shows, £5m buys more square feet in Marylebone than other prime central London markets, based on a typical price range of £3,000 to £3,500 per square foot.

The potential for future growth is underlined by the fact that for exceptional properties, achieved prices in excess of £5,000 per square foot match those in Knightsbridge and Belgravia.

This opportunity is clearly discernible in the growth of the super-prime (£10m-plus) sales market. The neighbourhood has one of the most mature pipelines of high-quality development schemes in central London, as the map on page 3 shows.

The premium nature of the development pipeline has played a key part in driving price growth in Marylebone. In the six years to 2015, the average price of the top 10% of sales by value, increased almost threefold from £2.1m to £6.1m (figure 5).

The outperformance of pricing seen in the sales market has been reflected in the rental sector, with rents growing slightly more than 17% in the 24 months to June 2015 (figure 2). Residential tenant demand has been boosted by the growth of the midtown office market and the creation of high-specification offices in and around Baker Street, which have attracted high-value financial-sector occupiers.

The arrival of Crossrail in 2018, with stations at Paddington, Bond Street and Tottenham Court Road will undoubtedly further boost demand – but the central factor that will continue to underpin the evolution of the Marylebone market is the ongoing focus on the quality of the urban environment by the local landed estates.

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Marylebone’s residential market has been transformed over recent years, but the delivery of new luxury developments means there is more change to come.
FIGURE 3
Key residential schemes in Marylebone

- Not started
- Under construction
- Build complete

1 | Fitzrovia Apartments
   Private Units: 77
   Developer: Manhattan Loft Corporation / Ridgeford Properties

2 | Chiltern Place
   Private Units: 56
   Developer: Ronson Capital Partners

3 | Moxon Street Car Park
   Private Units: 54
   Developer: The Ridgeford Group of Companies

4 | Marble Arch Tower
   Private Units: 49
   Developer: Amazon Property

5 | The Chilterns
   Private Units: 44
   Developer: Great Marlborough Estates

6 | 1 Molyneux Street
   Private Units: 31
   Developer: Residential Land

7 | 19 Cavendish Square
   Private Units: 25
   Developer: Harcourt Investments

8 | 1-9 Seymour Street
   Private Units: 24
   Developer: The Portman Estate

9 | The W1
   Private Units: 24
   Developer: Clivedale Properties

10 | The Mansion
    Private Units: 21
    Developer: Great Marlborough Estates

11 | The Park Crescent
    Private Units: 20
    Developer: Amazon Property

12 | 66 Wigmore
    Private Units: 14
    Developer: Howard de Walden Estates

13 | 124-130 Seymour Place
    Private Units: 12
    Developer: Great Marlborough Estates

14 | 3 Picton Place
    Private Units: 11
    Developer: Great Marlborough Estates

15 | 70-72 New Cavendish Street
    Private Units: 10
    Developer: Howard de Walden Estates

16 | 96-98 Baker Street
    Private Units: 9
    Developer: Investre

17 | 56-58 New Cavendish Street
    Private Units: 8
    Developer: Howard de Walden Estates

18 | 66-68 New Cavendish Street
    Private Units: 8
    Developer: Howard de Walden Estates

19 | 5 Portland Place
    Private Units: 7
    Developer: Amazon Property

20 | 7 Portland Place
    Private Units: 7
    Developer: Galliard Homes / Ricksave

21 | 1-15 Fitzhardinge Street
    Private Units: 6
    Developer: Lexus Developments Europe

22 | 1-6 Clay Street
    Private Units: 5
    Developer: Great Marlborough Estates
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