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LONDON

It's all change for London's prime postcodes

The locations that are going from no-go zones to go-to destinations for young property buyers

David Byers

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This three-bedroom house in Marylebone, central London, is £4 million (Savills)

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The [drop in London property prices](#) has sparked debate about what happens when the market starts to recover. Will the established, smart neighbourhoods rebound as they have in the past, or will different areas come to the

fore as the preferences of young, affluent buyers start to shift.

Investec Private Bank has found that the new breed of househunter wants hip neighbourhoods. They are keen on areas that are on their way to gentrification, rather than the traditional prime locations, such as Kensington, which are not only too expensive, but lack a certain vibe. These buyers are also more likely to consider a new-build, provided that it is in a “destination location”, rather than an urban wasteland, without character. Shoreditch in east London, where the average sold property price is £636,343, and Islington in central London (£742,212) are already popular, but Peter Izard of Investec says young professionals are looking at even more unorthodox destinations.

“We’re seeing the emergence of prime hotspots in London boroughs that 15 years ago were almost no-go zones,” he says. “Single professionals and young couples want modern properties in areas such as Tower Hamlets [average price £515,669] and Lewisham [£487,573].”

Nick Whitten of JLL, a property consultancy, highlights Isleworth in west London, where the developers St James and Bellway are building apartments with a price tag of more

than £1 million. The average price is £538,387.

According to Your Move, an online estate agency, house prices in the most traditionally exclusive postcodes have fallen by a quarter over the past year, with almost £500,000 being wiped from the average price in Westminster and Kensington and Chelsea.

Thea Carroll of the Buying Solution, a buying agency, says: “In Lewisham, south London, sales values have been increasing steadily, with developers snapping up land to build higher-end schemes for owner-occupation or rental purposes that offer quality, value and potential return on investment.” So what does an area need to make it a candidate to become the next “prime” location?

Independent shops

Saul Empson of Haringtons, a property buying agency, says: “It needs to adjoin an established

part of town and not be an island of niceness marooned in a sea of ghastliness. It must have decent architecture, and the high street should offer more than a Cash Converters, an Iceland, three bookmakers and a pound store.”

He says that Kentish Town and Maida Hill [adjoining Camden and Maida Vale in north London] are being held back by scruffy high streets. Marylebone, now considered an established prime area, gained its status because of its distinctive facilities. Shoreditch also appeals because of its hipster vibe, artisan bakeries and cafés.

Empson says: “Thirty years ago if you were wanting a nice west London house, and had taste and money, you’d head for Chelsea, Kensington, or perhaps Holland Park. If you had taste, but were short of cash, you might’ve bought in Notting Hill. Today, if you have taste and cash, you opt for a communal garden house in Notting Hill; the other areas are now a bit less fashionable. The gentrification of North Kensington [in west London] means areas such as Queen’s Park, Kensal Rise and Kensal Green [near Ladbroke Grove and Notting Hill] have come up in value.”

LonRes, a property analytics company, has found that the gap between prime areas and

up-and-coming destinations has narrowed. Five years ago there was a 34 per cent difference in average house prices between the established destination of Hampstead in north London and up-and-coming Hammersmith in west London. This has shrunk to 19 per cent. The margin between established Fulham in west London and the more gritty Hackney in east London has narrowed from 38 per cent to 28 per cent.

This three-bedroom townhouse in Royal Wharf, east London, is £895,000 (John & Co)

A sense of community

Buyers of new-build homes do not want lonely boxes. John Morley of Johns & Co, a London-based estate agency, says the smartest developers are building new villages and communities while investing in hotel-style facilities, so that people want to live there.

He cites Royal Wharf in Newham, east London, as an example. The scheme, where

prices stretch to £1.15 million for a four-bedroom townhouse) has access to a school, pub, restaurant and cafés.

Newham's average property price is £431,288, so the developers are pitching at the prime market, although the borough has some of London's most affordable homes.

Schools are also part of the appeal. Canary Wharf Group's One Park Drive development in east London, for example, will have a primary school on site, GP surgery and 380,000 sq ft of boutiques, restaurants and retail space.

For those who buy prime new-builds, architectural party pieces are in demand. Some developers are going big on distinctive architecture and landscaping to give buyers the feeling they're moving somewhere special. Examples include Handyside Gardens in King's Cross, north London, and Greenwich Peninsula in east London.

In contrast, the problems of the new-build area of Nine Elms in south London are well known. Experts put the slow pace of sales down to a lack of local facilities and character.

Connectivity

The rich are also looking for something else —

super-fast broadband. “Fast broadband is a must-have,” Izard says. “Changing working patterns and a desire for work-life balance mean space for a home office is also high on the list.”

Outside London

Investec predicts a proliferation of “go-to” destinations for rich buyers in the northwest, the Midlands and the West Country, thanks to the HS2 rail network. Among the biggest risers in the prime market will be Birmingham, Cheltenham in Gloucestershire, Leeds in Yorkshire, Liverpool and Manchester.

For now, wealthy buyers searching outside the home counties look to Bath in Somerset.

Andrew Cronan, of Strutt & Parker’s national country department, says: “It’s not too big, it’s culturally rich, architecturally beautiful and for families it has five independent top-performing schools.” Surrounding villages, such as Bathampton, are popular. Savills is selling a collection of Bath stone townhouses in Lansdown, 1.7 miles from Bath city centre, priced from £995,000 to £1.6 million.

A survey of 500 high-net-worth individuals by Investec found that this affluent West Country city was considered to be the most popular destination outside London, followed by

Cambridge, where 24 per cent of prime sales were new-builds. Outstanding period architecture, top private schools and alluring countryside were all key attractions, as well as rail links. Buckinghamshire, which is well connected and rural, is an established prime destination along with parts of south Hertfordshire. Strutt & Parker is selling a seven-bedroom home near Chesham in the Chiltern Hills, Buckinghamshire, for £3.95 million.

** Average property prices from Rightmove*

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