

Belgravia market bulletin

September 2018

130

Average number of property transactions per year

dataloft/LONRES
(BASED ON AVERAGE 2014-2018)

\$605,000

Saving in US\$ on a £3 million property purchase compared to pre the EU referendum, including SDLT costs

dataloft/BANK OF ENGLAND
(EXCHANGE RATE AT 07/09/2018)

£1,200

Average weekly rental value across Belgravia in 2018, unchanged from 2017

dataloft/LONRES

10%

of properties sold over the last 2 years had a lease length of less than 20 years

dataloft/LONRES

An attractive proposition

Belgravia's enduring appeal as one of London's most sought-after prime residential districts has weathered taxation reform and Brexit uncertainty. Those who reside in its characteristic stucco villas tend to remain. On average, just 130 property sales take place here each year, a turnover of just 1.7%, although rental activity remains buoyant.

Sales

As with other prime central London locations, current prices achieved on property transactions across Belgravia have adjusted to increased stamp duty costs on acquisition. Average price per square foot is currently in the region of £1700, rising to over £2800 for the top 10% of sales. Properties are currently selling for 87% of initial asking price, offering attractive discounts for those with funds to invest. While UK discretionary buyers remain cautious, sterling remains more than 14% lower against the Euro and 12.5% lower versus the dollar than before the EU vote. This offers an overseas purchaser a saving of US\$605,000* on a £3 million purchase, compared to June 23rd 2016.

*EXCHANGE RATE AT 07/09/2018

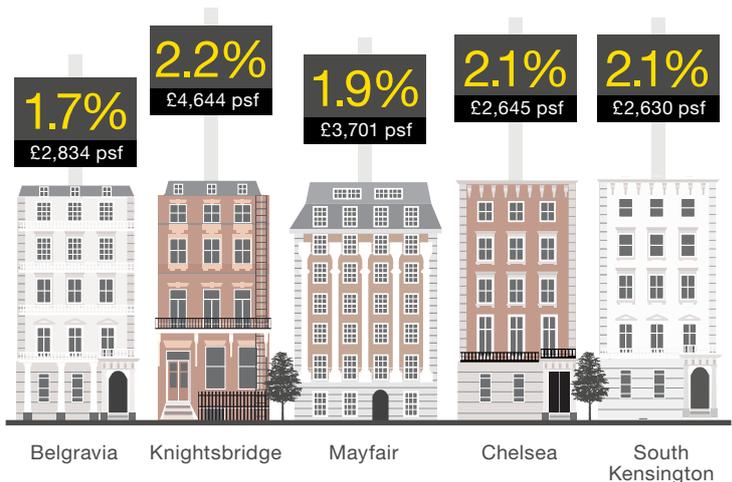
Lettings

Following a surge of interest in 2017, the rental market across Belgravia remains stable, with average weekly rental prices unchanged from a year ago and the volume of lets agreed just 0.3% lower. However this disguises significant variations. While activity in the core market (less than £1000 per week) has risen, above £2000 per week instructions have fallen sharply. These are down 50% compared to a year ago as the impact of a stabilising sales market and taxation changes cause many accidental landlords to consider their options. In Belgravia, the result is increased competition for high value properties, as demand for such properties outpaces available supply.

ANNUAL SALES AS A PROPORTION OF HOUSING STOCK

£psf top 10% of sales 2018

Annual turnover of residential property and average prime £ per sq ft in London's premium districts



dataloft/LONRES

BELGRAVIA'S LETTINGS MARKET

↑ Increase ↓ Decrease

Instructions



Tenancies agreed



dataloft/LONRES (BASED ON DATA JANUARY - JULY)

The Grosvenor 20-year lease

Over three-quarters of properties brought to the market across Belgravia are leasehold, the freehold owned by the Grosvenor Estate who have been instrumental in maintaining and evolving London's most prestigious residential areas.

Spotlight on leases

Following amendments to the Commonhold and Leasehold Reform Act of 2002, the Grosvenor Estate now offers a 20-year rolling lease on many properties. This creates choice for those wanting a semi-permanent foothold in Belgravia, without having to commit to the full price of a long lease.

Extending a lease can involve considerable costs and the workings behind enfranchisement curves have long been

debated. However, the most recent challenge to the way leases are calculated was rejected by the High Court earlier this year.

Over half of leasehold properties sold across Belgravia in the past two years have sold with lease lengths of 100 years or more, considered to be the equivalent of full market value, attracting average prices of £1800 psf. However the lease length of one in ten properties has been 20 years or less, with an average value £861 psf.

AVERAGE £PSF BASED ON LENGTH OF LEASE

% of sales by length of lease (2018)



dataloft/LONRES (N.B. 20% OF LEASEHOLD PROPERTIES SOLD WERE OF UNKNOWN LEASE LENGTH)

Belgravia 2018

77.4%

of properties instructed
have been leasehold

dataloft/LONRES

5% PRICE PREMIUM FOR RESIDENTIAL PROPERTY

within 100m of quality restaurants and shops



dataloft *BASED ON 2014 RESEARCH BY CITY OF WESTMINSTER ON ELIZABETH STREET, BELGRAVIA

Eccleston Yards wellbeing & community

Combining dining, shopping, wellbeing and co-working around a stunning pedestrian courtyard, this vibrant new hub, developed by the Grosvenor Estate on derelict land on the boundary of Belgravia and Victoria, is creating a buzz around the Capital. But will such a development increase local property values?

¹ NEW WEST END COMPANY/SAVILLS 2016
² SACLA (2015) ³ CITY OF WESTMINSTER (2014)

An appetite for retail and dining

London's retail and restaurant scenes are world-leading and constantly evolving. The West End is Europe's top retail destination¹ and while 44% of Londoners eat out at least once a week, close to one in five pick up a coffee each morning². The proximity of high quality retail and restaurants can undoubtedly help bolster residential property prices. Empirical research for the City of Westminster found that properties within a 100 metre distance of Elizabeth Street attracted a price premium per square metre of 5%, falling to 2% for those 300 metres away³; the impact of Mount Street on Mayfair, and the 'Harrods Effect' have long been documented. Although time will tell, there is little to suggest Eccleston Yards will be any different.

LONDON'S PRIME RESIDENTIAL MARKETS INCLUDES BELGRAVIA, KNIGHTSBRIDGE, CHELSEA, SOUTH KENSINGTON AND MAYFAIR

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