

savills

Spotlight
**Battersea, Clapham
and Wandsworth**

2016



Market overview

SOUGHT AFTER LOCATIONS

This desirable patch of south west London appeals to a wide range of buyers and tenants

Famed for its outside space, Battersea, Clapham and Wandsworth have seen a significant transformation over the past 40 years into one of the most sought after housing markets in the capital.

Clapham was initially known as an affluent neighbourhood but following the construction of railways in the 19th century the area developed into a suburb for commuters and became less favourable with the upper classes.

It remained an unremarkable suburb for much of the 20th century but by the 1980s it had evolved to become the centre of the gentrification of surrounding Battersea and Wandsworth. Young professionals were drawn to the area when traditionally prime areas of central London became increasingly unaffordable.

The popularity of the area has continued as buyers and tenants are drawn to the open

green spaces, a range of popular schools, thriving high streets and good connectivity to central London. The area is served by national rail, London Overground links and also benefits from three underground stations on the northern line.

Historically, the streets of Battersea, Clapham and Wandsworth were made up of Victorian and Edwardian houses, both terraced and detached. Over the years many of these houses have been converted into flats and now houses make up just one third of the residential stock in the area.

There are currently two key locations where significant regeneration and development activity is taking place. The largest is around Nine Elms Vauxhall where there are an estimated 13,700 private units in the planning pipeline and two new underground stations. It is expected that c.6,400 private units will be delivered by 2019.

Second is Wandsworth Town, which includes the development of The Ram Quarter, following the modernisation of Southside Shopping Centre. This regeneration in both areas is likely to continue to have a positive effect on the surrounding period housing stock.

Property prices

In 2015, the average sale price for Battersea, Clapham and Wandsworth was £728k, according to the Land Registry. This is a third higher than the Greater London average of £546k but offers a significant discount compared to north of the river where Fulham and Chelsea recorded average sale prices of £1.1m and £2.4m respectively.

However, variation within the area is apparent. The electoral ward of Northcote, which includes the area locally referred to as 'between the commons', is the most expensive location and the only ward within the geographical grouping with an average sale price of over £1m.

There are smaller enclaves of high value properties scattered throughout the region.

Prime property values in the area have increased significantly

25%
of buyers have moved from north of the Thames

30%
increase in enquiries from corporate relocation agencies



over the long term with price growth of 101.3% and 48.2% over the past ten and five years respectively.

More recently, price growth has slowed due to pressures from increased stamp duty and mortgage regulation. Over 2015, average prime values rose by a more subdued 3.3%.

Rental market

At £1,600, the median monthly rent in Battersea, Clapham and Wandsworth is higher than the London average of £1,300, according to Rightmove. However, rental values vary

significantly depending on property type and size. In Battersea, Clapham and Wandsworth rents range from an average of just over £1,000 for a one bed property to almost £4,000 for a 5+ bed property.

Demand

For some, Battersea, Clapham and Wandsworth acts as a stepping stone before making the move out of London to the country, but for a large proportion of buyers this is an area to set down roots. This is reflected by the fact that in the prime markets over half

the buyers and tenants in 2014/15 moved from within the local area.

A further quarter of the buyers and 20% of tenants moved from the more expensive markets north of the Thames, attracted by the relative value that the area offers.

The vibrant Northcote Road and bustling Clapham High Street provide café, bar and restaurant culture as well as the authentic atmosphere many Londoners covet.

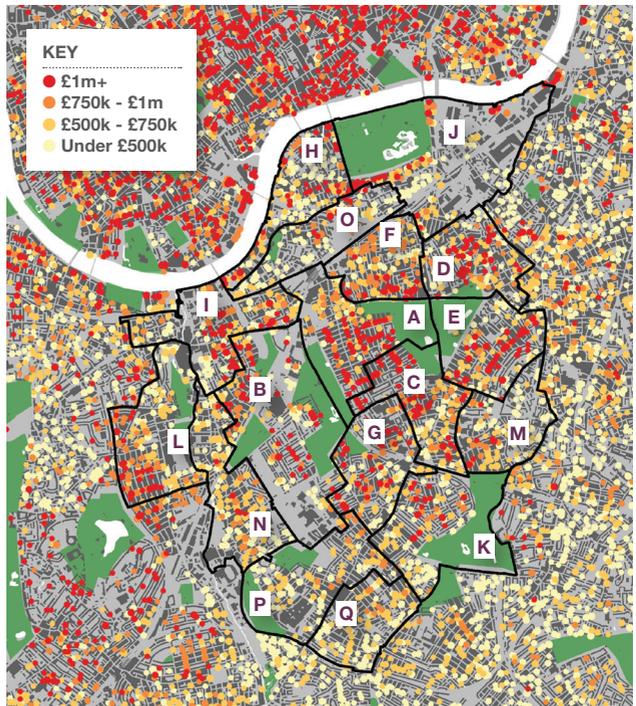
Buyers tend to be young professionals making their first home purchase, families in

FIGURE 1

The housing market around Battersea, Clapham and Wandsworth

A look at where the sales happened and at what value*

Wards	Average sale price in 2015*
A Northcote	£1.009m
B Wandsworth Common	£913k
C Balham	£897k
D Clapham Town	£872k
E Clapham Common	£837k
F Shaftesbury	£799k
G Nightingale	£778k
H St Mary's Park	£763k
I Fairfield	£692k
J Queenstown	£678k
K Bedford	£661k
L Southfields	£659k
M Thornton	£603k
N Earlsfield	£566k
O Latchmere	£551k
P Tooting	£534k
Q Graveney	£520k



Source: Savills Research using Land Registry

*11 months to Nov-15

search of larger properties with gardens and lots of surrounding green space, or downsizers moving back to the city.

Although the prime housing market is traditionally dominated by domestic demand, international buyers still play an important role, accounting for a quarter of buyers in 2014/15. The area is popular with Western Europeans, particularly French families due to the location of the French Lycée near Clapham Common.

Buying a property to use as a main residence is the most dominant reason for purchase, however there is an active investor market in the area, accounting for 13% of buyers of second hand properties and a significantly higher proportion of new build. Investors are attracted to the area for a number of reasons including the existing active rental market. In the area, 32% of households are in the private rented sector, higher than the average across London of 25%.

In the prime rental market, demand is predominantly driven by a strong employment market across London. Just over 40% of prime tenants in Battersea, Clapham and Wandsworth are renting due to employment relocation and over the past year there has been a 30% rise in enquiries from relocation agents with the majority looking for 1 or 2 bed properties.

In comparison to the sales market, those renting a prime property in the area are more likely to be international. Over the past two years, 35% of tenants have come from overseas with those from Western Europe and North America being the most dominant. ■



FIGURE 2 **What would the same property sell for on our featured roads?**

 1ST FLOOR FLAT, 700 SQ FT, 2 BEDROOMS 2 BATHS			
Location	Postcode	Sale Price	Rental Value*
Grandison Road	SW11 6	£650k	£500
Chestnut Grove	SW12 8	£575k	£475-£525
St Ann's Hill	SW18 2	£600k	£440
Prince of Wales Drive	SW11 4	£850k-£950k	£525

 PERIOD HOUSE, 3,000 SQ FT, 4 BEDROOMS			
Location	Postcode	Sale Price	Rental Value*
Nicosia Road	SW18 3	£3.0m	£1,300
Macaulay Road	SW4 0	£2.5m	£1,400
Bolingbroke Grove	SW11 6	£2.75m	£1,500
Albert Bridge Road	SW11 4	£3.25m-£4.0m	£1,700

Source: Savills Research

*per week

Drivers of demand

WELL LOCATED FAMILY HOMES

All three of our family friendly locations boast plenty of open green space together with access to good schools

One of the key drivers of housing demand is the desire to buy a larger family home in an area that offers good schooling. If this is combined with easy access to green space and good connectivity to employment centres, an area's well located homes can command a substantial premium. Battersea, Clapham and Wandsworth offer this combination in abundance.

Green space

The borough of Wandsworth contains the highest proportion of green space of any London borough, with 1,700 acres consisting of parks, commons, allotments and cemeteries. The area is home to two of the most popular green spaces in London, Clapham Common and Battersea Park, along with Wandsworth Common, Wandsworth Park, and Tooting Common to name a few.

When looking to buy in the area, the general rule is that the closer to green space you are,

the better and therefore the more expensive. Analysis of the parks and commons located across the area has revealed an average premium of 18.5% for prime properties located within 50m of a park or common, compared to those located nearby, on a £/sq ft basis. If these properties have a view of the park then the premium increases to 22.1%.

Good schools

Battersea, Clapham and Wandsworth are all well known for their wide selection of good state and private schools. Competition for school places

can be fierce, particularly for the top state primary schools such as Honeywell, Belleville and Holy Ghost, which have tiny catchment areas meaning some families move just a few hundred metres to get their children in.

Across the borough of Wandsworth there are 117 schools, including 98 primary schools and a wide range of independent schools. This is and will continue to be a key driver of demand for the area as for many, rather than pinning their hopes on a single school, a choice of good schools will determine where families will look to buy or rent. ■



22.1%

Premium paid for a property with a view of a park or common



Outlook

THE MARKET IN CONTEXT

It is important to assess the outlook for Battersea, Clapham and Wandsworth in the context of the wider prime London market.

The sales market

The prime London market remains relatively price sensitive, particularly at the top end, reflecting an adjustment to a less hospitable tax regime and successive increases in stamp duty rates, the latest incarnation of which is a 3% stamp duty surcharge for 'Additional Homes'.

More domestic markets are also being constrained by increased mortgage regulation, which is limiting the amount people can borrow against their earnings.

We therefore expect prime London values to remain broadly flat through 2016 and most of 2017 but with a gradual return to

positive rates of price growth over the medium term.

The Battersea, Clapham and Wandsworth area continues to offer good value in comparison to central London as well as offering high quality housing stock, an abundance of open space and good schools.

All these factors draw buyers from central London, a trend we expect to continue as expanding families look for more space without losing their quality of life.

The boundaries of the prime markets within the area are continuing their expansion, often led by development. The ongoing regeneration in Battersea and Nine Elms is changing the profile of housing to the north of the area along the waterfront and developments such as The Ram Quarter are reviving parts of Wandsworth Town.

The rental market

Over the next five years the London economy is forecast to continue strengthening, which will underpin demand for prime rental property over the medium term as more people move to London for employment opportunities. We have already seen a significant increase in the demand for corporate rentals in Battersea, Clapham and Wandsworth over the past year. This is expected to continue meaning that the area is ideal for investment buyers.

Across the area, the number of private renters is already high and the area is well placed to attract more investment from investors. However, we do expect the recent changes to the buy to let tax relief and the stamp duty surcharge for 'Additional Homes' to impact the sentiment of the traditional landlord, particularly those dependent on mortgage finance. This does present an opportunity for institutional investors to make some bulk acquisitions. ■

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