

savills

Spotlight Ealing

2016



Market overview

CHANGE IS UNDERWAY

Ongoing improvements will result in Ealing becoming more established as a prime location

Ealing is one of London's greenest boroughs, offering a wealth of open spaces and parks as well as being a major retail and commercial centre.

With ongoing regeneration and investment, much of which is due to the Crossrail project, young professionals and families continue to be drawn to the area. In central Ealing, plans for Ealing Broadway Shopping Centre and Ealing Filmworks will revive the centre creating exciting new destinations. All this will result in the area becoming more

established as a prime location.

Good transport links to a number of key employment hubs are an important part of Ealing's appeal. Once Crossrail is running from 2018, the borough will have five Crossrail stations (in addition to the seven underground stations serving the area) which will significantly cut journey times into Central London.

The housing stock of Ealing is characterised by Victorian and Edwardian terraced, detached and semi-detached homes. However, change is underway and new

developments are attracting demand from increasingly affluent occupiers.

Property prices

House prices in central Ealing are higher than the average of the wider borough. In the 12 months to February 2016, the average price of homes sold was £645k, 20% more than the average across the whole borough over the same period.

The house price premium for Ealing is seen across all property types. The average sale price of a terraced house is £767k in central Ealing compared to £617k across the borough over the 12 months to February.

However, when compared to more established prime locations such as Chiswick, Ealing offers good value for money. Comparing the cost of a semi-detached house in Ealing and Chiswick shows that you would pay on average 56% less to buy in Ealing. With Ealing looking more affordable on this measure it is an attractive option for young affluent families looking to upsize, particularly for its amenities and excellent state and independent schools.

House price growth for prime Ealing properties has been strong over the past year compared to neighbouring prime markets. Across all of prime west London, prices increased by an average of just 4.2% over the year to March 2016. Over the same period, the value of prime property in Ealing has increased by 6.7%.

The rental market

As seen in the sales market, rental values in Ealing are also higher than the borough-wide average.



In central Ealing, the median monthly rent is £1,700, which is 12% higher than the average for Ealing borough, according to Rightmove.

However, it is lower than the average for nearby Chiswick where the median monthly rent is £2,200. Across Ealing, the average rent varies from around £980 per month for a studio to over £2,900 per month for a 4 bed property.

Demand

The demand for prime property in the area comes from a number

of sources. While domestic buyers dominate, international residents are an important source of demand for the prime housing market across London, accounting for around a third of buyers since 2015.

In the prime markets of west London, 21% of buyers have been from overseas over the same period, with those from Europe the most prominent.

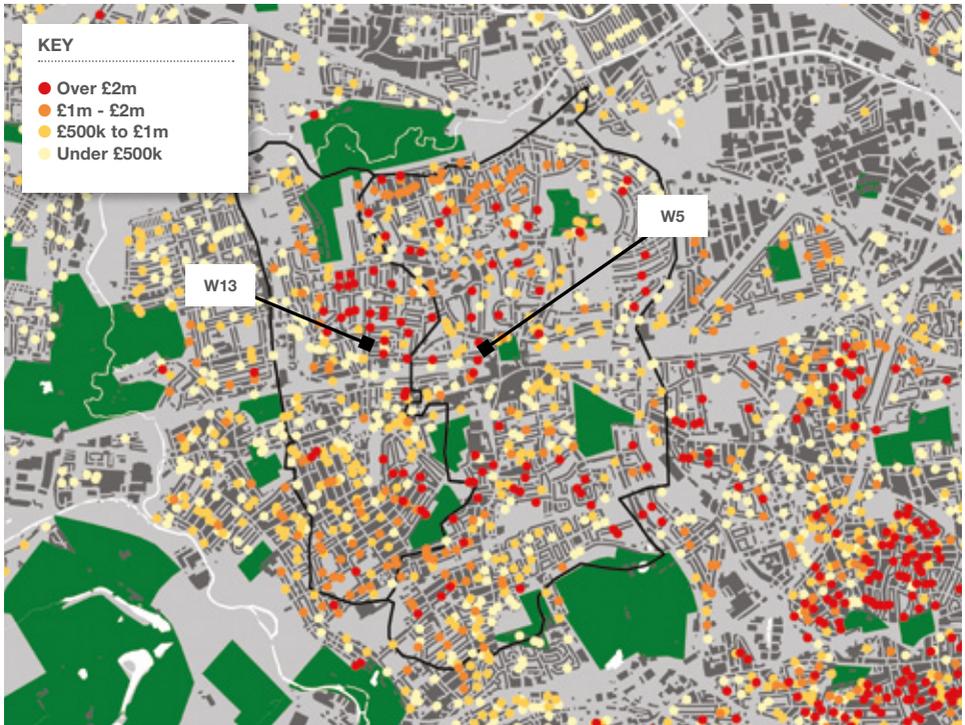
The largest employment industry for people living in Ealing is the Professional, Scientific and Tech sector,

closely followed by the Information and Communication sector, according to the 2011 Census.

Over the next five years, Oxford Economics forecasts that employees in the Professional, Scientific and Tech industry will increase to become the largest employment industry in central London. Ealing is well placed to draw on the newly created wealth that will result, as Tech buyers in particular look to emerging and maturing prime markets.

FIGURE 1 **The housing market around Ealing (year to February 2016)**

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



Source: Savills Research using Land Registry

Investors

Investment buyers have been attracted to the area due to strong tenant demand. According to the 2011 Census, 32.6% of households in Ealing are in the private rented sector, significantly higher than the average across London of 25.1%.

Demand for rental property comes from a wide range of tenants including families, couples and professionals. Corporate relocations play an increasingly important part in

west London's prime rental market. Over the last 18 months, 66% of tenants were renting due to employment relocation compared to 55% in 2014.

With UK tenants only accounting for 40% of tenants,

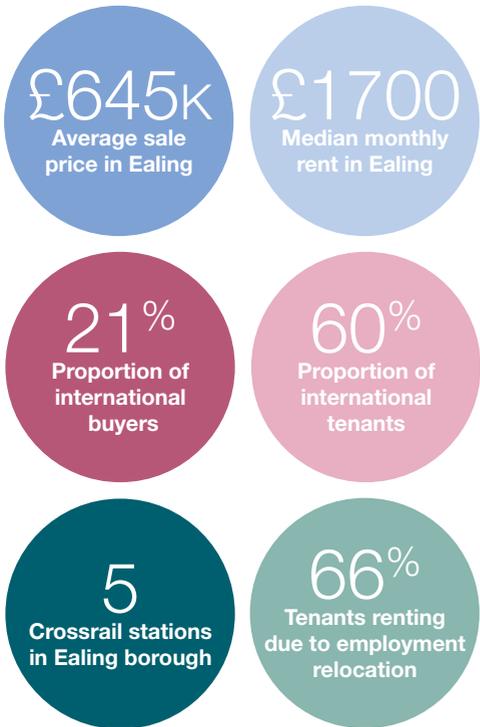
the international nature of the prime west London rental market is evident, with the highest proportion of international tenants originating from Western Europe, accounting for 30%. ■

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“Investment buyers have been attracted to the area due to strong demand from a wide range of tenants, including families, couples and professionals”

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FIGURE 2
Market dynamics



Development

WHAT'S NEXT FOR EALING?

Ealing is undergoing an unprecedented transformation with the regenerating effect of Crossrail boosting investment in the area.

Significant development has been taking place in Ealing. Developers and housebuilders have been attracted to the area due to its established town centre, open spaces and good schools, as well as strong existing transport connections, which are set to improve with Crossrail.

As well as providing major improvements to both Ealing Broadway and West Ealing stations, Crossrail will greatly improve commuter journey times into central London when it opens from May 2018. The journey from Ealing Broadway to Bond Street halves from 22 minutes to 11 minutes, and Liverpool Street reduces from

34 minutes to 18 minutes. The new station at Ealing Broadway, expected to open in late 2017, will also see improvements to the station forecourt.

As at May 2016 the only schemes currently on the market in the local area are Dickens Yard by St George, which has almost sold out, and the Jigsaw development by Fabrica, which launched 126 private units in Q4 2015, retaining 36 for private rent. There are currently 800 private new homes with planning permission yet to start on site within a ten minute walk of the stations.

The regeneration of the town centre is fundamental to the success of any new development in Ealing. Large mixed use schemes, such as The Filmworks by Land Securities, seek to boost central

Ealing's dining out offering, as well as providing 133 private homes. This should help to bring some vibrancy to the area and raise the profile of Ealing town centre as a destination.

Other significant developments in central Ealing include Ealing Broadway Shopping Centre, owned by British Land who have permission for 44 private rented units and 11 discounted market rent units. There will also be significant public realm improvements, including the creation of flexible space for retail, markets, exhibition and event space together with display screen.

Over the road, Benson Elliot and Londonewcastle are also developing a site on Broadway with permission for 137 private homes, retail, leisure and a bar/nightclub. ■



Outlook

STRIKING A BALANCE

The outlook for Ealing needs to be considered in the context of the wider prime London market.

The sales market

The prime housing markets of London have had to contend with a number of headwinds over the last 18 months, including substantial changes to stamp duty which have shaped the market over this period.

The referendum vote to leave the EU is expected to result in added caution in the prime

residential property markets, particularly given the uncertainty regarding the strength of the underlying economy, the prospects for the financial and business services sector and, in some cases, the cost and availability of mortgage debt.

The true strength of market demand is only likely to become clear over a period of months, though early indications are that a seam of demand for good quality, well priced stock remains.

Committed sellers will nonetheless need to be both realistic and flexible in their price expectations, responding to market sentiment both over the summer and into the autumn.

The rental market

The outcome of the EU referendum, and the uncertain impact which it has upon the UK economy, means the strength of rental demand will be difficult to gauge over the summer and autumn period.

While we expect a slower sales market to increase demand from those reluctant to commit to a purchase, there is also the prospect of an increase in accidental landlords bringing more rental stock to the market.

This will mean landlords need to be competitive in asking rent and flexible on the terms they offer as well as ensuring that the property is presented in good condition. ■

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