

Spotlight on...

West Kent Residential Development Sales



With close ties to the London employment market, the demand for new property in the West Kent area, specifically Sevenoaks, remains strong

West Kent has strong links to the London employment market. The region is long established as a commuter location. These areas appeal to both the local market and commuters taking advantage of fast links into the capital.

Sevenoaks, in particular, has managed to attract the affluent commuter, with its good quality housing and local facilities.

Levels of new development in West Kent, at a Local Authority level, have been highest within Tonbridge and Malling historically, however all areas have seen a significant reduction in levels of new development over the past 18 months.

Developer activity

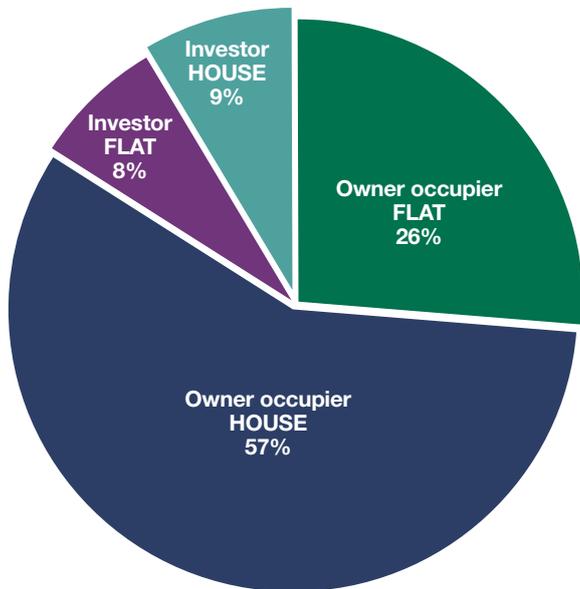
With issues over finance for both developers and purchasers limiting ability and appetite to develop, levels

SUMMARY

An overview of the market

- Strong commuter links into London mean that house prices in the West Kent area exceed both the county and South East average.
- The number of new homes completed in West Kent has fallen 52% from the peak in 2006/07.
- House prices in the South East commuter areas are expected to outperform the UK over the next five years with growth of 26% by 2015.

GRAPH 1
Savills purchasers – West Kent
 Homes in West Kent predominantly appeal to owner occupiers with investor activity accounting for 17% of the market



Graph source: Savills Research

→ of housing starts and subsequent completions are running at less than half of peak levels across the UK. Sevenoaks has maintained the most consistent, albeit still relatively low, levels of development, following the national trend of developers focusing on higher value markets.

With smaller schemes being easier to finance in a more risk adverse funding environment, land which

fulfils these criteria is in high demand from developers, leading to significant premiums for this type of land over and above larger more difficult sites. These small serviced plots have seen the highest levels of developer interest, with site values for these types of sites increasing much more quickly than for bulk land, a trend which we expect to continue in the future.

Bromley

Bromley offers an eminently commutable location close to London. What it trades in rural views, Bromley makes up for in accessibility to the capital. Levels of new development in Bromley fell by 51% between 2007 and 2010, however Bromley continues to offer a wide range of housing types. Those areas closest to the capital and within central Bromley itself are characterised by higher density flats and houses, while larger family homes and luxury properties are to be found further south, in the areas surrounding Keston Park and Farnborough Park.

Sevenoaks

Sevenoaks is a more affluent and established commuter location. While Bromley has been absorbed into London suburbia, Sevenoaks is far

enough away from the capital to feel more rural. The affluent population enjoys good quality schools and leisure facilities within the town.

Sevenoaks has the most affluent residents in West Kent, with 60% of households considered to be of high or mid to high affluence compared with 44% across Kent. Sevenoaks has seen higher levels of larger homes being developed, 22% of sales in 2010 being over £500,000.

Downsizers are beginning to become an increasingly important market for new property, particularly in more affluent areas such as Sevenoaks, where buyers have significant levels of equity within their current homes. Sevenoaks has seen an increase in lifestyle downsizers, looking for houses or apartments and being attracted to large, well specified properties and willing to pay a premium for large apartments in good locations within the town.

Unlike other markets, where new homes sales were dominated by investor buyers, new homes in Sevenoaks have a wider appeal to the owner occupier, for both houses

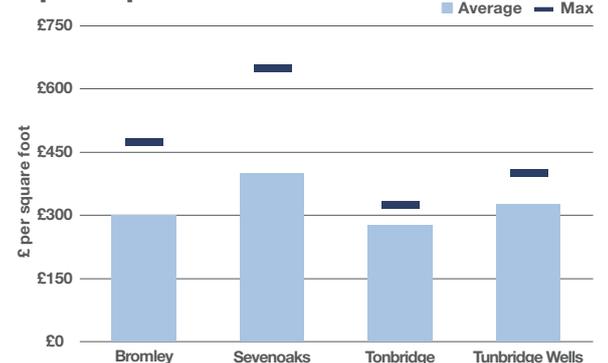
.....
 “Unlike other markets, where new homes sales were dominated by investor buyers, new homes in Sevenoaks have a wider appeal to the owner occupier, for both house and flats.” Marcus Dixon, Savills Research

TABLE 1
Travel times to London With comfortable commuting times the main property locations in West Kent exceed both the national and the county average

	Travel times to London	Average house prices	Average detached	% over £500k	10 year growth
Tonbridge	35 – 45 minutes	£316,965	£505,901	13%	98%
Sevenoaks	25 – 35 minutes	£392,441	£684,237	22%	108%
Tunbridge Wells	50 – 60 minutes	£339,516	£571,432	15%	108%
Bromley	30 – 40 minutes	£327,398	£593,187	15%	99%
Kent		£243,187	£397,054	6%	110%
South East		£286,319	£458,806	9%	102%
England & Wales		£237,700	£342,263	6%	120%

Graph source: Land Registry / National Rail

GRAPH 2
Average and maximum £ per square foot



Graph source: Savills Research

and flats. In addition to demand from owner occupiers, investor buyers are still active within the Sevenoaks market. Sevenoaks continues to maintain demand from well capitalised investors, many of which have shunned flats for larger houses, looking at renting to the affluent family market.

Levels of new development in Sevenoaks remain low. Some larger schemes are currently planned and under construction on the fringe of Sevenoaks, however in more established areas more bespoke smaller infill developments dominate.

Tonbridge

Tonbridge has historically been overshadowed by its more affluent commuter town neighbours of Sevenoaks and Tunbridge Wells. While offering a more affordable option, Tonbridge is still commutable and buyers are now increasingly looking at Tonbridge as a more viable option, particularly if they have been priced out of areas such as Sevenoaks. New developments in Tonbridge, a mixture of both houses and flats, have sold well with entry prices from £150,000 to £350,000.

Tunbridge Wells

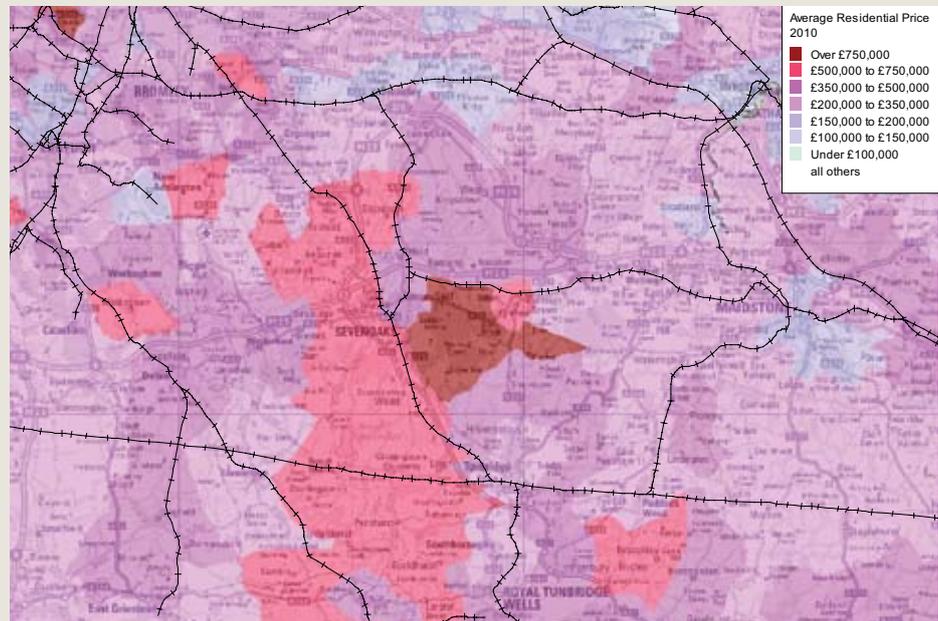
Tunbridge Wells has seen the most significant reduction in housing completions within West Kent, with 2009/10 figures 79% lower than at the peak in 2006/07. With a significant increase in the proportion of flats being delivered into the Tunbridge Wells market over the past five years, family houses continue to be a scarce commodity, with the significant reduction in new build activity further exacerbating the issue of choice for the family house purchaser.

Market Indicators

Average house prices in Kent are lower than many other home county markets, however West Kent commands some of the highest prices within the county, with closer links to high value markets over the border in Surrey and to wealth corridors on the commuter lines out of London.

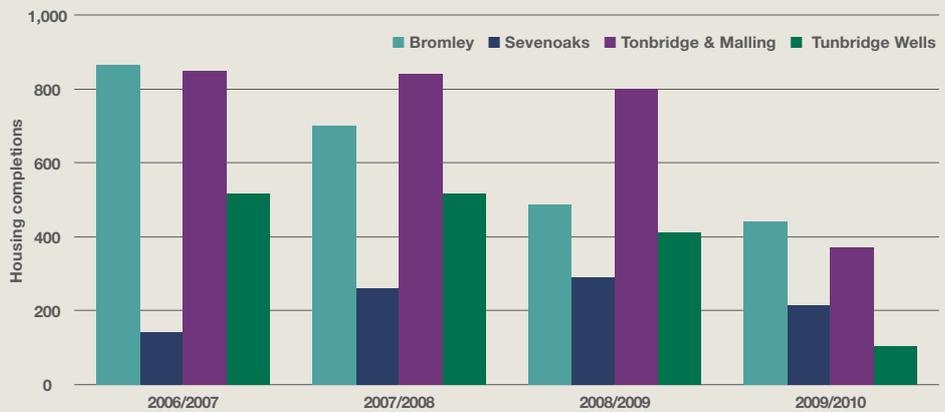
The highest average house prices within Kent are found in Sevenoaks and its surrounding hinterland, as well as the area including Keston and

MAP 1 **Average house prices in West Kent**



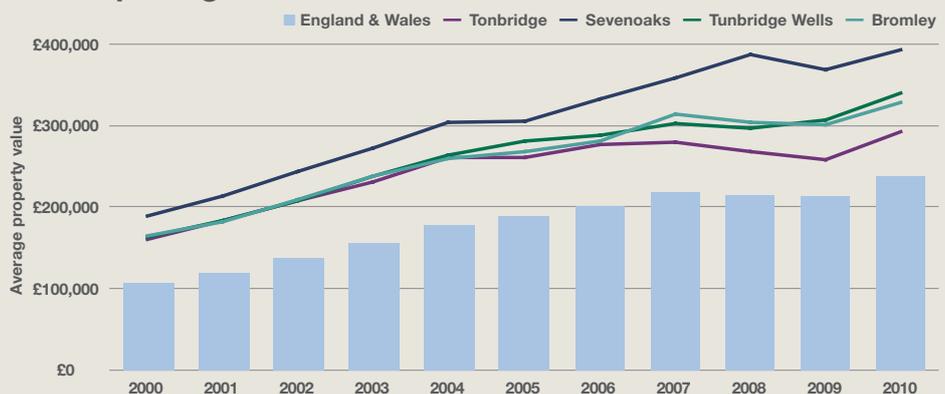
Data source: HM Land Registry

GRAPH 3 **Local authority level housing completions**



Graph source: Council Annual Monitoring Reports

GRAPH 4 **House price growth**



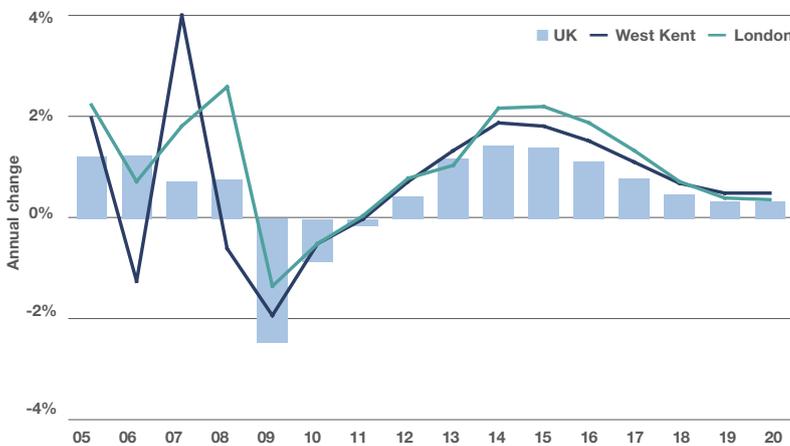
Graph source: HM Land Registry

→ Locksbottom to the south of Bromley. In these areas average prices are, in some cases, in excess of three times the value of other Kent towns.

While both the West Kent and London employment markets suffered job losses over the course of the downturn, both West Kent and London are forecast to outperform the UK in terms of employment growth over the short to medium term. ■

“West Kent commands some of the highest prices in the county with closer links to the high value markets of Surrey.” Marcus Dixon

GRAPH 5 **Employment growth & growth forecasts** The employment market was resilient during the downturn



Graph source: Oxford Economics

OUTLOOK

Key findings in this document

- The South East is expected to see the strongest levels of house price growth over the next five years with prices forecast to rise by 26% by 2015.
- Over the last three years we have seen levels of buyer activity fall across all markets, however more established, equity rich areas have continued to see transactions closest to ‘normal’ market conditions.
- It is these areas, such as Sevenoaks, where we expect to see the highest levels of price growth, with equity rich purchasers choosing to remain in established higher value markets.
- We are forecasting that these high demand locations could well see an additional 5% growth in prices over the next five years compared with the regional average.

Savills Research



Yolande Barnes
Head of Research
020 7409 8899
ybarnes@savills.com



Marcus Dixon
Associate Director
020 7409 5930
mdixon@savills.com

Residential Development Sales



Jonathan Bateman
Sevenoaks
01732 789 782
jbateman@savills.com



Nicky Butcher
Bromley
01689 869 601
nbutcher@savills.com



Susan Bennett
Tunbridge Wells
01892 507 005
sbennett@savills.com

Savills plc

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 200 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.