FULL OF CHARACTER
Westminster & Pimlico are transforming into the next sought-after prime areas of London
Westminster and Pimlico are well located and characterful locations that offer relative value to their more established prime neighbours.

The changing face of Westminster and Pimlico has created the opportunity for them to become the next coveted area of prime central London. Redevelopment around Victoria and along the river is creating a new place to live rather than just work, and attracting new residents into a broad range of property styles.

Westminster has a long history, with the construction of Westminster Abbey in 1065 and becoming home to the English Parliament in the 13th century. Its housing is particularly varied combining Georgian houses and Victorian mansion flats with post-war purpose-built blocks of flats and more contemporary prime developments. These span from Victoria and south of St James’s Park, across Westminster and along the River Thames.

Pimlico’s stock has similarly characterful housing, with Regency architecture and garden squares particularly popular alongside post-war developments.

There has been a significant move to redevelop the area, with an emerging residential market surrounded by improving amenities, good transport links and continual commercial investment.

The architecture and centrality of Westminster and Pimlico mirrors already established prime locations, such as Marylebone and Chelsea, though its average prices are much better value. With its current relative affordability, the ongoing regeneration of the area has the potential to transform it into the next sought-after destination of prime central London.

**PROPERTY PRICES**

Westminster and Pimlico have traditionally had a strong residential market, and new developments and improved lifestyle benefits are creating a high-value prime market that offers a credible alternative to its more expensive neighbours. In the 12 months to July 2016 the average sale price for Westminster was only £1.40m compared to Belgravia’s £2.38m, according to Land Registry. Pimlico provides even better value with an average price of £970k over the same period.

**FLATS AND HOUSES**

Due to the nature of the housing stock in the area, flats are far more dominant than houses in both the Westminster and Pimlico market. As such, demand for houses when they come to the market is high, often regardless of market conditions.

In the 12 months to July 2016 the average price of flats across both areas was £1.15m compared to £2.46m for houses. However, there is a large variance in values between the two markets. Flats in Pimlico sold on average for £860k across the same period, whilst the average sale price for flats in Westminster was considerably higher at £1.34m.

The mansion flats of Westminster offer lateral space, whilst the much sought-after townhouses provide room to grow. As the residential market in the area expands, we may see increased
demand for more spacious property, particularly as the nature of buyer perhaps moves from a discretionary, domestic second home user to a more varied owner-occupier.

RENTAL MARKET
Westminster and Pimlico both have mature rental markets, with the private rented sector increasing by almost 15,000 households across the borough in the decade between the last two censuses.

Westminster’s median monthly rent of £2,700 offers relative value compared to its more expensive neighbours, and this price differential consistently attracts tenants to the area. Likewise, Pimlico’s rental market is still good value with a monthly median rent well below the borough average at just over £2000, and this affordability is driving demand in the area amongst working professionals.

DEMAND
Across both the Westminster and Pimlico markets there is a high level of second home buying. Between 2014 and 2016, over three-quarters of prime buyers were purchasing an additional property, compared to an average of 55% across the whole of prime central London.

With recent changes to stamp duty aimed at tempering buy-to-let activity, and increasing conversion of commercial units to residential in the area, the proportion of buyers purchasing a main residence could be set to increase as the residential market expands.

In the prime rental market, there is strong international demand with non-UK tenants accounting for 69% of the market. Tenants in Pimlico are particularly attracted to the stock of older properties and those surrounding the picturesque garden squares.

Professional, scientific and tech employees currently account for the highest proportion of residents in the Westminster borough, according to Oxford Economics, and this is forecast to remain as such over the next 10 years.

Employment remains a key driver in the more local market, with 51% of prime tenants renting due to employment relocation. Increasing commercial interest and transport development around Victoria will only serve to further entice young professionals into the area.

The largest proportion of both UK buyers and tenants have consistently been moving from within the borough of Westminster. However, the area also attracts buyers initially looking in Chelsea and Belgravia by offering architecturally similar housing at considerably better value.

FIGURE 1
What would the same property sell/rent for on our featured roads?

### 1ST FLOOR FLAT, 700 SQ FT, 2 BEDROOMS & 2 BATHROOMS

<table>
<thead>
<tr>
<th>Location</th>
<th>Postcode</th>
<th>Sale Price</th>
<th>Rental Value*</th>
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<tbody>
<tr>
<td>Buckingham Gate</td>
<td>SW1E</td>
<td>£800k - £1m</td>
<td>£500 - £700</td>
</tr>
<tr>
<td>Vincent Square</td>
<td>SW1P</td>
<td>£900k - £1.15m</td>
<td>£550 - £750</td>
</tr>
<tr>
<td>Thirleby Road</td>
<td>SW1P</td>
<td>£900k - £1.15m</td>
<td>£550 - £750</td>
</tr>
<tr>
<td>Warwick Square</td>
<td>SW1V</td>
<td>£1.1m - £1.275m</td>
<td>£500 - £700</td>
</tr>
<tr>
<td>Alderney Street</td>
<td>SW1V</td>
<td>£750k - £800k</td>
<td>£500 - £650</td>
</tr>
</tbody>
</table>

### PERIOD HOUSE, 2,500 SQ FT, 3 BEDROOMS

<table>
<thead>
<tr>
<th>Location</th>
<th>Postcode</th>
<th>Sale Price</th>
<th>Rental Value*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catherine Place</td>
<td>SW1E</td>
<td>£2.95m - £3.35m</td>
<td>£1,500 - £2,000</td>
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<tr>
<td>Vincent Square</td>
<td>SW1P</td>
<td>£3.1m - £3.75m</td>
<td>£1,600 - £2,200</td>
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<tr>
<td>Maunsel Street</td>
<td>SW1P</td>
<td>£3.1m - £3.75m</td>
<td>£1,600 - £2,200</td>
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<tr>
<td>Barton Street</td>
<td>SW1P</td>
<td>£3.75m - £4.25m</td>
<td>£1,600 - £2,250</td>
</tr>
<tr>
<td>Gloucester Street</td>
<td>SW1V</td>
<td>£2.65m - £3m</td>
<td>£1,300 - £1,700</td>
</tr>
</tbody>
</table>

Source: Savills Research

*Per week
WESTMINSTER AND PIMLICO: FACTS AND FIGURES

£1.40m
Average sale price in Westminster

51%
Proportion renting due to employment

£2,700
Median monthly rent in Westminster

£2,000
Median monthly rent in Pimlico

69%
Proportion of international tenants

£970k
Average sale price in Pimlico

Source: Savills Research

FIGURE 2
Westminster & Pimlico sales market in 2016* A look at what sales happened and at what value

KEY
Average Sale Price
12 months to July 2016
● Under £500k
● £500k-£1m
● £1m-£2m
● £2m-£3m
● £3m-£4m
● £4m+

Source: Savills Research using Land Registry

*12 months to July 2016
Westminster is currently experiencing large-scale development in light of major regeneration projects in Victoria

Driven by the regeneration of Victoria, Westminster is experiencing an influx of new development. Over the last few years, Victoria has been transformed into a vibrant commercial and retail centre, supported by extensive placemaking, the makeover of Victoria Station, prime residential development, and new high profile commercial tenants such as the UK’s new National Cyber Security Centre.

The final piece of large scale development in Victoria is the flagship scheme Nova by Land Securities. Completing in early 2017, Nova will deliver 170 private homes and create a new restaurant quarter with a selection of popular eateries, including Sticks N Sushi, Shake Shack, and Franco Manca. As Victoria’s regeneration is coming to an end, large-scale development is now moving further into the heart of Westminster.

There are currently 17 developments under construction across both Westminster and Pimlico, providing over 900 private homes, although much development is concentrated in Westminster. Further down the development pipeline, there are another 39 permitted schemes, with a significant proportion of smaller schemes scattered along Buckingham Gate.

Permitted schemes (with potential for 1,680 private homes) include the £1bn super-prime mixed-use scheme Ten Broadway (New Scotland Yard) to be developed by Northacre and Abu Dhabi Financial Group (258 private homes), and Portland House by Land Securities (206 private homes) which is currently on hold. In addition, Motcomb Estates obtained planning permission to refurbish and convert the Grade II listed Millbank Tower into 207 high-end flats and a 195 bedroom hotel, with construction due to commence in 2019.

Abell & Cleland by Berkeley is the largest scheme in Westminster currently under construction and is set to deliver 275 homes (208 will be private). Riverwalk is the latest addition to the Westminster market, recently completed by Ronson Capital Partners (113 private homes). Facing the headquarters of MI6, Riverwalk is currently the only marketed waterfront scheme north of the river between Albert Bridge and London Bridge. Unlike Westminster, Pimlico has seen little historical development and the current supply pipeline shows that new homes remain scarce.
London’s prime residential markets will need to adapt and adjust to a number of challenges

It is important to consider the Westminster and Pimlico markets within the wider context of the London property market and economy.

THE SALES MARKET
The prime housing markets of London have had to face a number of tax changes over the last two years, including increased stamp duty for higher value properties from December 2014 and a 3% stamp duty surcharge on additional homes introduced in April 2016.

The Westminster and Pimlico markets, with their high levels of investment buying, have felt the effects of these changes and, as a result, we expect these areas to remain price sensitive over the short to medium term as the additional costs are absorbed into the market.

The outcome of the EU referendum in June has likewise had an impact on the market in creating uncertainty. At this stage the market is yet to show the true impacts of Brexit and initially we expect there to be caution from buyers, especially regarding the strength of the economy and the availability of mortgage debt.

The question still remains whether the Government can protect the passporting rights for the City to provide a full range of banking and financial services across the EU and how this will affect London’s standing as a global financial centre. Against this context, the devaluation of sterling may create an opportunity for overseas investors.

Looking forward, the regeneration projects in Victoria should result in an uplift of values for surrounding property and this should create a ripple effect across Westminster and Pimlico.

RENTAL MARKET
Uncertainty in the sales market should push demand into the rental market from those reluctant to commit to a purchase. We may also see an increase in the number of accidental landlords bringing more stock to the market. This means landlords will need to remain competitive in their asking rents and flexible on terms to continue to attract tenants.

However, the redevelopment in Westminster and Pimlico means rental values should see a similar value uplift to the sales market and the continued commercial interest for companies in the area will underpin demand from young professionals.

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