

## **Prime Central London: In the Midst of Change**

Prime Central London (PCL) property has long been the envy of the world. Traditionally a popular locale for businesses and pied de terres of wealthy foreigners, recent trends indicate this high-end setting is in the midst of change.

### **A Quick Look at the Numbers**

A report from Pastor Real Estate, released in April 2015, offers a detailed look at market demands and property development in the PCL area. It revealed that housing stock across all boroughs has risen 8.6% since 2009. This equates to 5,200 new residential addresses.

Small schemes seem to dominate, with two-thirds of the 144 completed developments having less than ten units. Only six schemes contained fifty or more units.

Although 2014 was an unsettling year for the residential market due to fears of a housing bubble, a potential interest rate rise, and a radical overhaul to the Stamp Duty Land Tax, the London market as a whole was resilient and saw a 2.9% growth in housing stock.

Further proof as to the buoyancy of the 2014 market is the completion of 15 developments delivering 148 units within the year. This is more than any one of the previous five years.

### **Construction Hotspots**

Where can buyers find a newly constructed, high-end property in Prime Central London? Of the 15 schemes due for completion in 2015, 13 are located in Marylebone, including Phase I of Chelsea Barracks and the Chilterns; however, 90% of these luxurious units have already been sold.

Encouraging news for those looking for their own “urban oasis” is the Pastor Report’s confirmation of 277 developments in the pipeline as of April 2015. This will deliver 7,179 units to the market, 25% of which are already under construction.

The remaining developments in the pipeline are in various stages of the planning process. Upon completion, the market in PLC will offer luxurious new builds in districts such as Mayfair, Knightsbridge, Marylebone, and Belgravia. Chelsea Barracks and Ebury Bridge Estate, two schemes currently in the planning process, will deliver 367 units, nearly 25% of all units in the pipeline.

### **Bigger is Better**

The ultra-rich lifestyle typical of Central London’s districts has not changed, but the small one-bedroom, super-apartments seem to be less appealing to today’s buyers. It seems a growing number of buyers are interested in making PCL their primary residence, as opposed to looking for a business location or second getaway home. Developers have responded to the demands of the market by increasing the number of two and three-bedroom units available.

88% of schemes currently under construction and 100% of those in the pipeline have at least one 2-bedroom unit. 71% of pipeline developments contain at least one 3-bedroom unit.

### **A Race for Space**

According to the Pastor Real Estate Report, another result of change, driven by demand, is the increase in the size of future units. The average size of residences currently under construction is 534 sq ft, while those still under development measure an average of 763 sq ft.

### **Still the Same**

It seems the prestige attached to procuring one of the most sought after addresses in the world outweighs the expense. As property values increase, this ultra-prime area of London continues to offer a safe haven for investors, both domestic and international, who are attracted to the stable, democratic nature of the UK, along with its status as one of the world's premier centres for business, commerce, and culture.