

Changes in Prime Central London Bring Good News for Investors

Are you looking for a multi-purpose investment? If so, Prime Central London is fast becoming the hot spot for buyers seeking a prestigious location that offers serious potential for growth in value.

With property rates on the rise, this ultra-prime area of London continues to draw investors, both domestic and international, with its world premiere centres for business, commerce, and culture. Traditionally a popular locale for office headquarters and pied de terres of wealthy foreigners, recent trends indicate this high-end setting is in the midst of change.

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% rise in the growth of housing stock.

Pastor Real Estate released a report in April 2015 detailing the growing market demands and property development in the PCL area with an increasing number of residential developments across all boroughs. An 8.6% rise in numbers since 2009 equates to approximately 5,200 new residential addresses. The completion of 15 developments delivering 148 units within the year is more than any one of the previous five years.

The report also indicates a domination by construction of small schemes, with two-thirds of the 144 completed developments having less than ten units. Only six schemes contained fifty or more units.

Although the Central London ultra-rich lifestyle has not changed, it seems a growing number of buyers are interested in making PCL their primary residence, as opposed to looking for a second getaway home or a business location. Developers have responded to the demands of the market by increasing the number of two and three-bedroom units available, rather than the small one-bedroom, super-apartments that were the previous trend.

Of the schemes currently under construction, 88 % have at least one 2-bedroom unit with 100% of those in the pipeline having at least one 2-bedroom unit. Seventy-one percent of pipeline developments contain at least one 3-bedroom unit.

In addition to the increase in number of bedrooms, it seems buyers are also looking for more square footage in their new homes. The Pastor Report shows the size of units is increasing with those currently under construction averaging 534 sq ft, while those still in development measure an average of 763 sq ft.

For those interested in acquiring one of the most sought after addresses in the world, buyers can find a newly constructed, high-end property throughout a variety of the

boroughs of 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.

Buyers should not be discouraged because the Pastor Report confirms there are 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

If you are looking for your own “urban oasis,” the ultra-prime area of London has many opportunities in store for the near future. It seems buyers are not deterred by the price tag, but instead enjoy the luxury of life in this world famous hot spot enhanced by the knowledge of its investment potential.