

CROSSRAIL

ANALYSING PROPERTY MARKET PERFORMANCE
FROM READING TO SHENFIELD **2015**





“The arrival of a high-speed line which increases London’s rail capacity by 10% is highly anticipated. Transport links are key factors in the property market, especially in the Capital.”

GRAINNE GILMORE
Head of UK Residential Research

ON TRACK: DELIVERING GROWTH

The tunnelling for Crossrail, Europe’s largest infrastructure project, is nearly complete. Between now and when the line starts to operate from the end of 2018, the demand for public transport will continue to grow, making the delivery of this new cross-London line crucial for the Capital.

The population of London has now passed its previous record-high, seen just before the outbreak of the Second World War. Some forecast that by 2036, the city’s population will reach 10 million, and demand for public transport will have risen by another 50%. Transport infrastructure in London is already straining to keep up with passenger numbers, which have risen by a third on the tube in the past 10 years. The underground ran more services and carried more customers than ever before in 2013-14, with a record 1.3 billion passengers. As a result, the arrival of Crossrail, a high-speed line which increases London’s rail capacity by 10% is highly anticipated.

Transport links are key factors in the property market, especially in the Capital. Knight Frank’s recent [survey of those renting property in London](#) – the largest of its kind to date – showed that nearly 80% of Londoners said proximity to transport links was a key factor when deciding where to live.

The increased demand for property close to transport links has a clear relationship with price performance. This has been shown historically with the extension of the Jubilee line. The anticipation of new transport links also affects prices, with the new research in this report showing that, on average, prices within a 10 or 15 minute walk from Crossrail stations have already outperformed prices in the wider local authorities since the project was granted Royal Assent in 2008. **Averaged over each station, the outperformance is around 5%.**

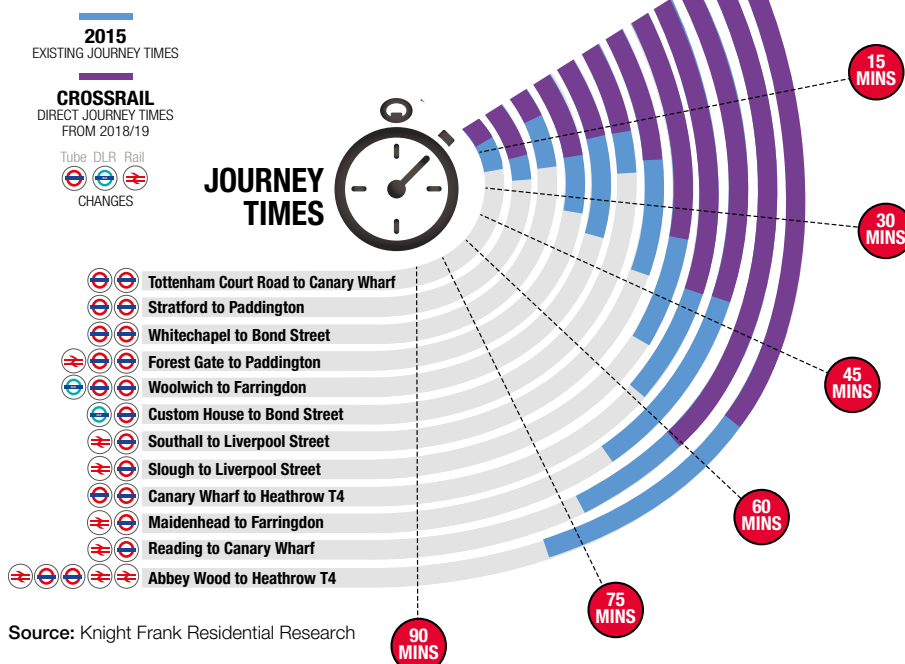
There are pockets of sustained outperformance, especially in central London, but average residential property prices around a few of the stations in the Eastern and Western sections of the line show a more mixed picture. Yet those areas where price growth has lagged the surrounding areas may offer significant opportunities for further price uplifts, especially where large-scale regeneration and development is underway.

When fully complete in 2019, Crossrail will bring an additional 1.5 million people to within a 45-minute commute of the centre of London. In many cases, it is not just the reduced travel times that have the potential to create value, but also large regeneration projects connected with Crossrail, which are not only improving the realms around stations, but providing a wider choice of higher level amenities as well as residential property options. There may be other, separate, factors contributing to the price movements seen in some of the areas we are monitoring, such as local infrastructure changes or local investment, and we recognise this.

In 2013 we assessed how residential prices around [central Crossrail stations](#) performed between 2008, when Royal Assent for the project was granted, and 2012. On average, prices within a 10-minute walkzone of the stations outperformed the wider prime central London market by 8%.

In this report, we are extending our reach, examining how property prices around each of the stations from Shenfield to Maidenhead have moved over the last seven years, and comparing this with average price growth in the surrounding areas.

FIGURE 1
How journey times will be cut when Crossrail opens



Source: Knight Frank Residential Research

MAP 1 Central Crossrail stations: 10-minute walkzone

Property market performance versus prime central London (PCL): Q2 2008 - Q3 2014

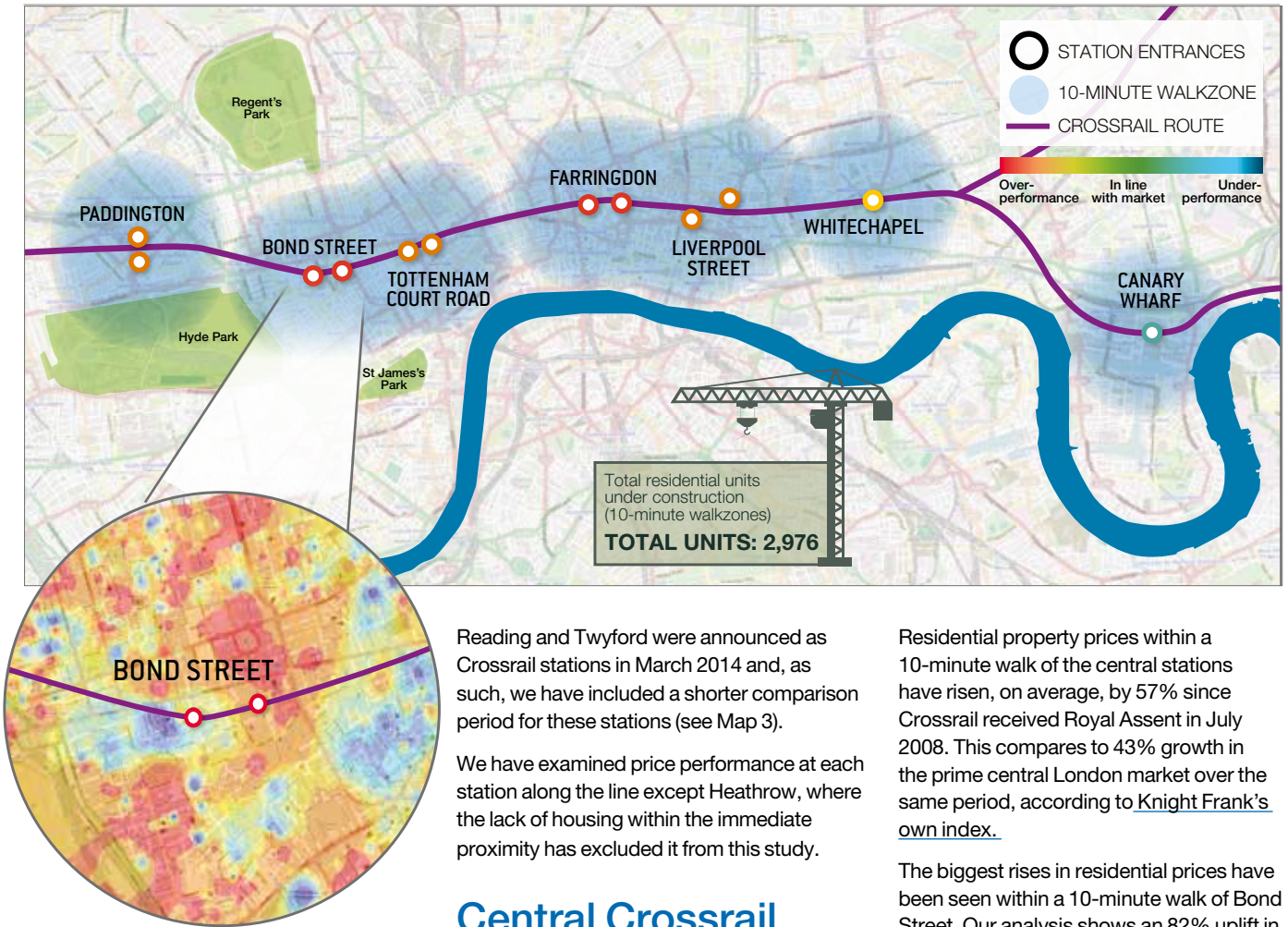


FIGURE 2 Residential market performance versus PCL (Q2 2008 - Q3 2014)

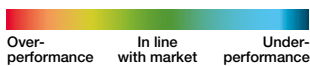
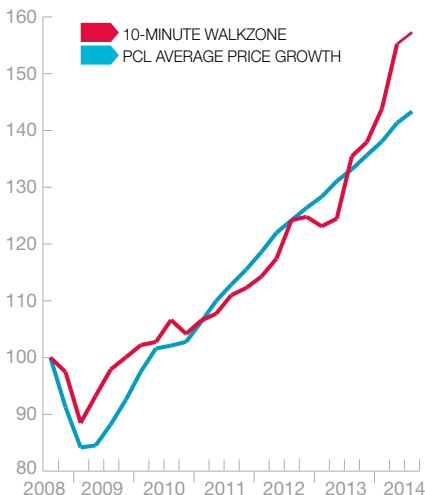


FIGURE 3 Central Crossrail price growth comparison (indexed)



Reading and Twyford were announced as Crossrail stations in March 2014 and, as such, we have included a shorter comparison period for these stations (see Map 3).

We have examined price performance at each station along the line except Heathrow, where the lack of housing within the immediate proximity has excluded it from this study.

Central Crossrail

The central section of Crossrail, running from Paddington to Canary Wharf, encompasses some of the largest regeneration projects currently being undertaken, from the £1 billion overhaul of Tottenham Court Road Station and its surrounds to a completely new Crossrail station at Canary Wharf. Indeed, Tottenham Court Road and Farringdon, both sitting in this section of the line, will become two of the biggest transport hubs in London.

In total, there are 2,976 residential units in schemes which have been started within the 10-minute walkzones of central Crossrail stations and a further 10,096 units with planning approved. Some of these schemes may be phased, and take some years to deliver but the development potential of the areas surrounding the stations is clear.

Prices around Canary Wharf Station have lagged the strong growth seen in prime outer London from 2008 to date, but the scale of development taking place in the area, and further East, make this an area to watch.

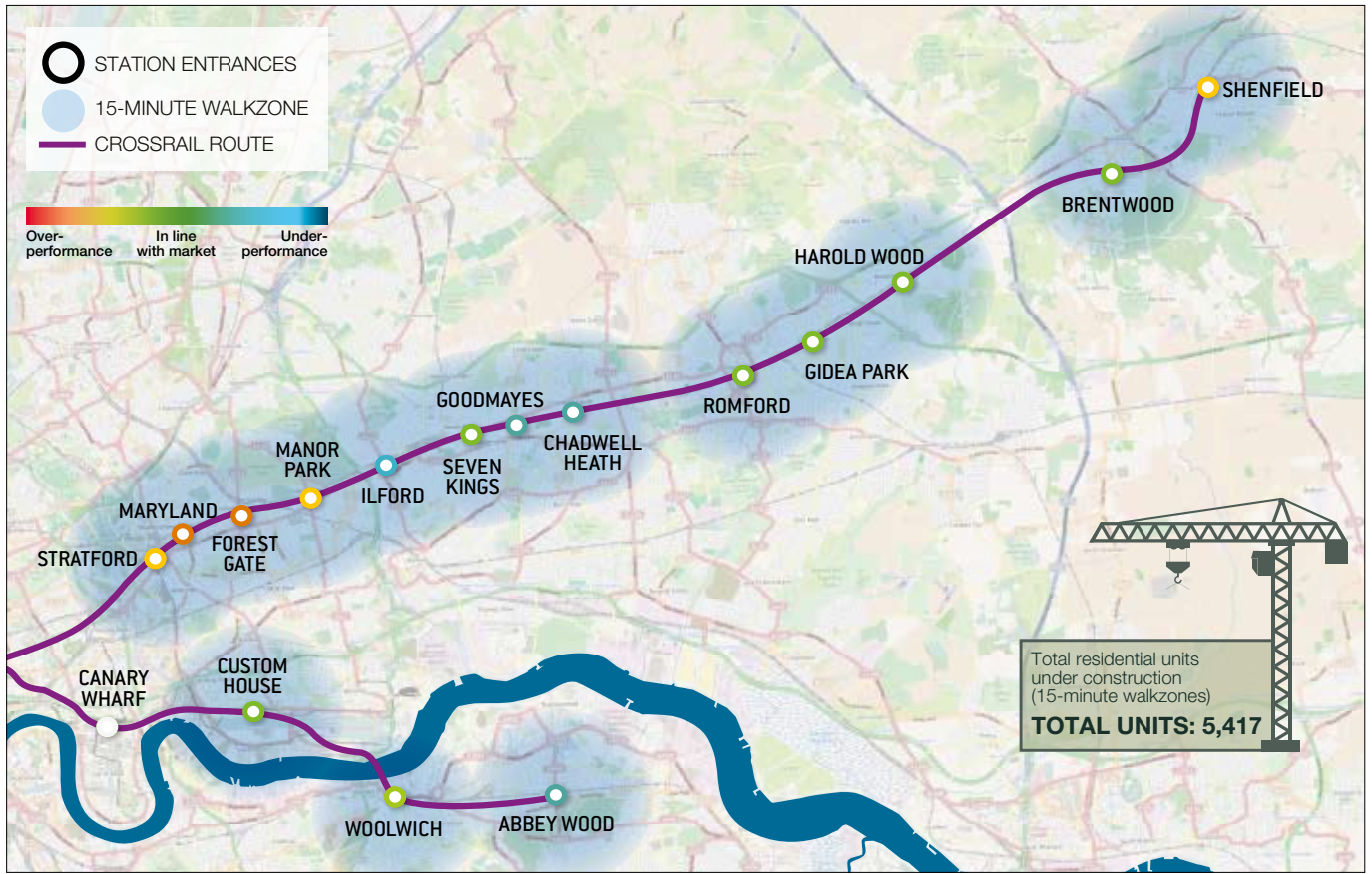
Residential property prices within a 10-minute walk of the central stations have risen, on average, by 57% since Crossrail received Royal Assent in July 2008. This compares to 43% growth in the prime central London market over the same period, according to [Knight Frank's own index](#).

The biggest rises in residential prices have been seen within a 10-minute walk of Bond Street. Our analysis shows an 82% uplift in prices in the area surrounding the station, which encompasses much of Mayfair. While some of this increase has been underpinned by the buoyant central London market, it does not explain the full uplift – prices in the wider Mayfair market were some 30% higher at the end of Q3 2014 than July 2008. It can be argued that many stations have seen increased value that will come from a rejuvenation of the public realm, new high end private development as well as the new station and the transport benefits of the Crossrail link.

Residential prices within a 10-minute walk of Tottenham Court Road Station, an area which stretches from Holborn and Bloomsbury to Oxford Street and Fitzrovia, have also seen a notable 61% uplift since July 2008, with a particular rise in prices between Q2 2013 and Q2 2014. This is another area where large-scale 'place-making' is underway, with a new Piazza, pedestrianized walkways, as well as the construction of a new West End theatre as part of a mixed-use scheme at One Oxford Street.

MAP 2 Eastern Crossrail stations: 15-minute walkzones

Property market performance versus average growth for local authorities: Q2 2008 - Q3 2014



Eastern Crossrail

The demand on current transport infrastructure in East London has increased sharply over the last decade, partly due to new areas in this part of London gaining renewed traction as residential hubs. The number of people using the London Underground’s Jubilee Line - the only underground line directly serving Canary Wharf – each day has risen by more than 80% since 2002, the biggest percentage increase across any line in the tube network over this period, according to figures from London Underground.

This highlights the importance of Crossrail which will further open up these areas in the East, adding to the transport capacity, and dramatically cutting travel times into central and West London, as shown in figure 1.

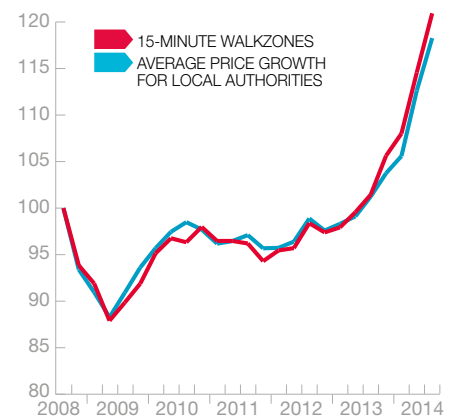
On average, residential properties within a 15-minute walk of stations in the Eastern section of Crossrail have

outperformed prices in the surrounding local authorities. The combined Eastern Index shows a 21% uplift in prices since July 2008, compared to an 18% rise in the local authorities where the stations are situated.

The biggest uplifts in prices have been seen around Maryland and Forest Gate stations, with a 37% and 35% rise in prices since July 2008 respectively. In comparison, prices in the wider local authority of Newham rose by 16% over the same period. These areas have seen a sharp rise in buyer demand in recent years with many seeking out good quality housing stock at a lower price per square foot than comparable areas in West London. The addition of Crossrail to the overland train services currently in operation will likely enhance its “catchment” of appeal to buyers from 2019.

Shenfield, a popular residential area in Essex, has also outperformed the wider local market by 12% over the time period we have examined. The arrival of Crossrail

FIGURE 4 Eastern Crossrail price growth comparison (indexed)



in the area will cut travel times into and across London, and also make the journey much more straightforward. For example, the current journey time to Paddington is one hour and eight minutes, with one or two changes on the tube. The journey on Crossrail will be just 51 minutes with no need to change trains.

However, prices surrounding several stations along the Eastern route of Crossrail have not quite kept up with the surrounding area. Average residential prices within a 15-minute walk of Goodmayes, Chadwell Heath and Abbey Wood stations have shown growth over the period, but have lagged the wider local authority averages. The underperformance around Ilford station is more noticeable, with prices lagging the local authority by around 10%.

The properties monitored to create our indices overlap in some cases, as the stations along this section of the line are quite close. However, it is interesting to note the levels of development being undertaken around these stations.

In the walkzones we examined around the stations from Ilford to Romford, some ten new developments have had planning approved or are already under construction, delivering more than 1,500 private and affordable residential units. A further 28 schemes are in 'pre-planning' and may come to fruition in the years to come.

Such levels of development usually bring with them the scope for price uplifts as the public realm is improved, amenities receive a boost and buyers have new reasons to visit the area. The relative 'discount' in terms of price per square foot in these areas compared to more central locations is also likely to work in their favour. We expect that as the opening of Crossrail approaches, the increased connectivity

combined with new development will result in price outperformance.

Average residential prices have risen by 25% around Woolwich station, this is a slight underperformance compared to the 32% uplift in Greenwich over the same period. We expect this trend to change however as the extensive new development around the station is completed. There are currently 163 new residential units under construction within a 15 minute walk of the new station, and planning has been approved for 2,700 more, with 400 being built directly above the new station.

Such 'place-making' will likely create price uplifts and deliver value, as this area of London becomes a more highly connected place in which to live.



CROSSRAIL 2

The preferred route for 'Crossrail 2' – the high speed train which will, if it is approved, run from South West London to the North East of the city is shown opposite. This route has been identified by transport chiefs and the Mayor Boris Johnson.

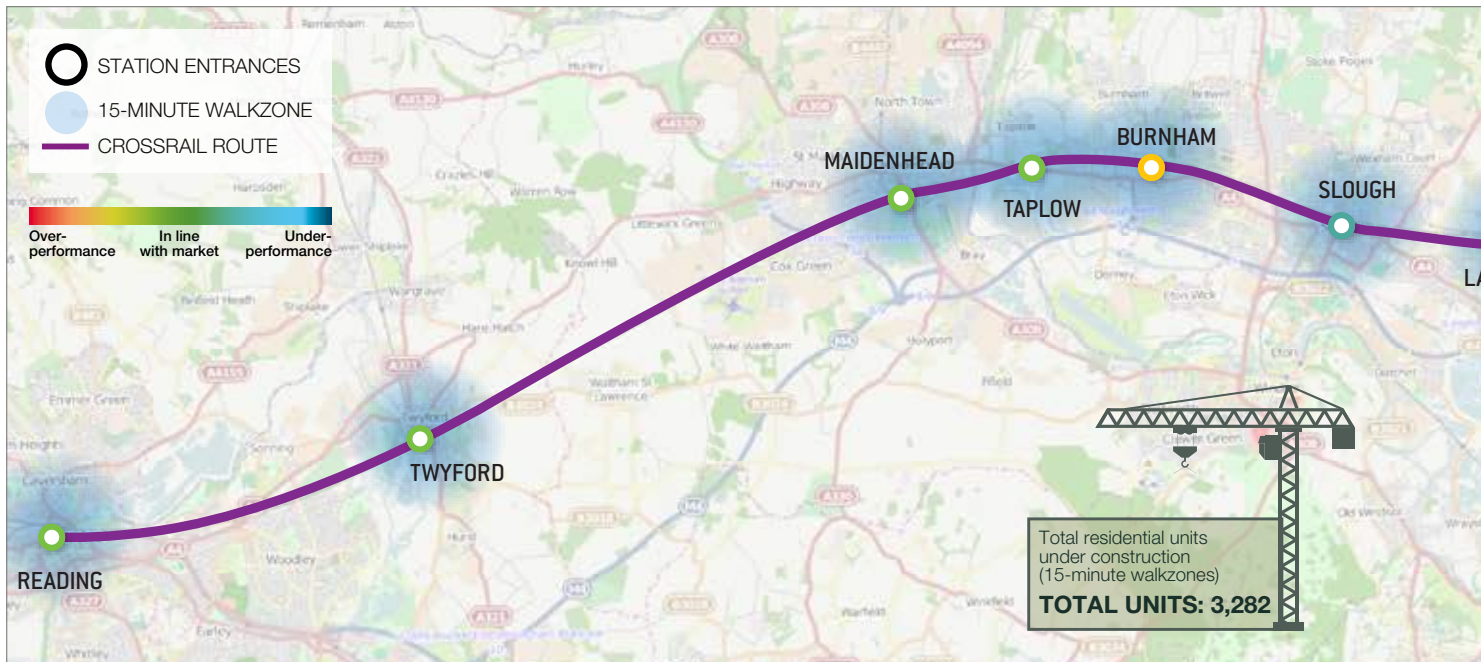
There had been several possible options, but as the map shows, the preferred route will run from Wimbledon through Victoria and Euston St Pancras up to Dalston Junction and on to Tottenham Hale and New Southgate. There will also be an option to extend the line by connecting it to existing national rail networks in the south west and north east of London. This would create routes from stations such as Kingston and Surbiton through central London to Tottenham Hale and on to Cheshunt. The new line will intersect with 'Crossrail 1' at Tottenham Court Road, underlining the importance of this station as a transport hub for London.

In his Autumn Statement in December last year, the Chancellor ear-marked £2 million towards a full business case for Crossrail 2 by the Department of Transport and Transport for London. If approved, it is estimated that Crossrail 2 would be completed by 2030, and be used by 90,000 travellers a day in the capital.

There is likely to be burgeoning interest in development opportunities close to the stations along Crossrail 2, just as there has been along the first Crossrail route.

MAP 3 **Western Crossrail stations: 15-minute walkzones**

Property market performance versus average growth for local authorities: Q2 2008 - Q3 2014



Western Crossrail

Residential property prices within a 15-minute walk of stations on the Western Crossrail line have, on average, outperformed the wider market by 6%. Between July 2008 and the end of Q3 2014, our index shows prices rose by an average of 28% around the stations, compared to a 22% rise in the wider local authorities.

However, this average masks some large differences in performance. The two biggest outliers are Acton Mainline station and Southall.

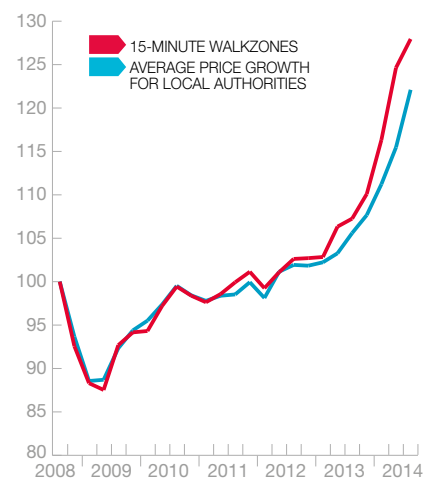
Prices around the station at Acton have climbed by 77% over the last six years, far above the 44% growth seen in Ealing over the same time period. A new station at Acton, as well as improvements to the public realm around the station will enhance the area, while direct Crossrail journeys of 23 minutes to Canary Wharf will further open up this area to those working in the City and further East. The opportunities are underlined by the level of development happening around this station, with 435 private and affordable residential units with planning permission or already under construction. A further 171 units are in “pre-planning” which

means they may too be developed in the coming years.

At the other extreme, prices around Southall Station underperformed the local authority average by around 30% between Q3 2008 and Q3 2014 (figure 6). Prices within a 15-minute walk of the station rose by 12% over the time frame, but this was some way below the 44% growth seen in the wider Ealing area, much of which came in 2013 and 2014. This can, in some part, be explained by this walkzone encompassing large industrial units to the south of the station, therefore reducing the total number of residential units being transacted, which means it can take longer for prices rises to show up in the data.

Lagging price growth around Southall Station presents an opportunity, however. A brand new Crossrail station will be built just to the north of the existing station. In addition, there is set to be large-scale residential development and regeneration on one of the industrial sites already referred to. The Southall Gas Works site has permission for 3,750 homes, and there are more than another 1,000 homes with planning permission or already under construction within a 15-minute walk of the station.

FIGURE 5 **Western Crossrail price growth comparison** (indexed)



Reading and Twyford were announced as Crossrail stations relatively recently, in March 2014. The timing of this announcement means that we will re-visit performance after a longer time has elapsed. However, demand in Reading is underlined by the fact that there are already 850 private and affordable residential units with planning permission or under construction within a 15-minute walk of the station.

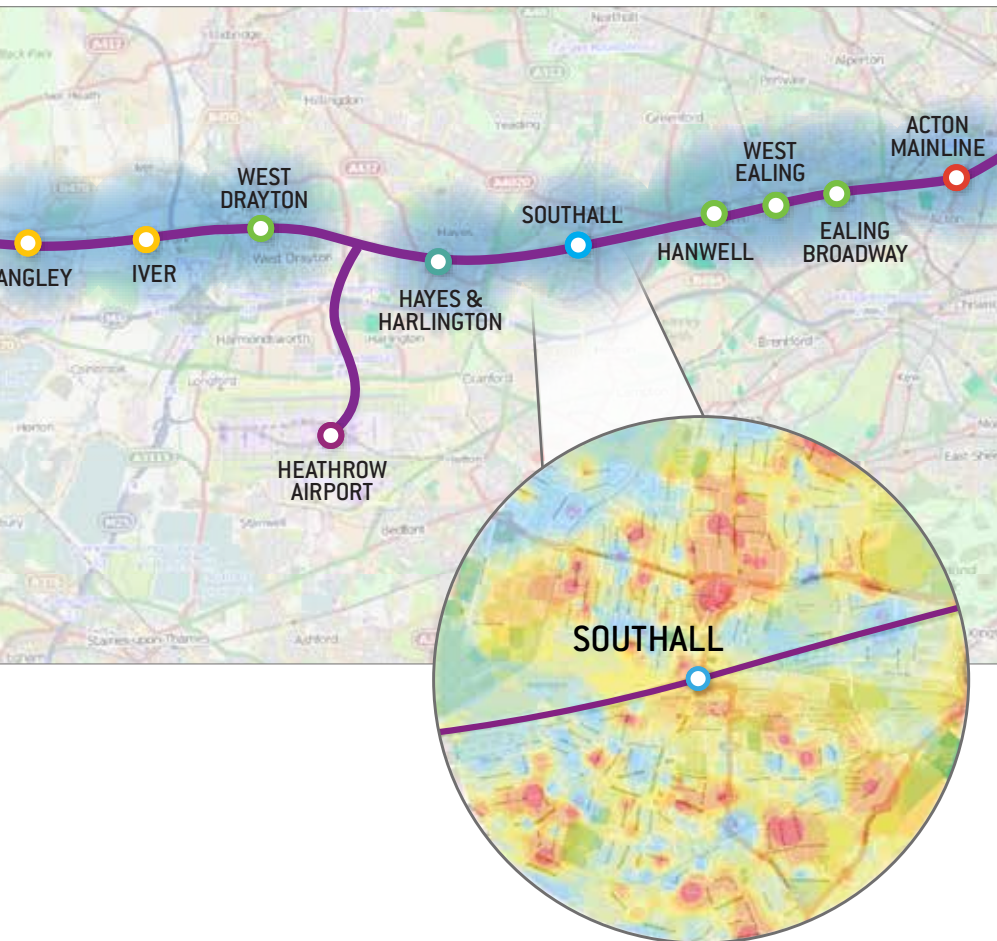


FIGURE 6 Residential market performance versus local authority (Q2 2008 - Q3 2014)

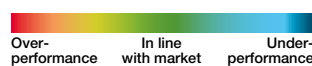
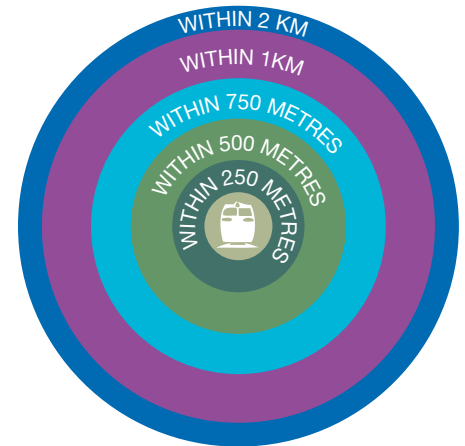


FIGURE 7 How close would you like to live to your nearest transport link?



- 16% WITHIN 250 METRES (approx 3 minutes to walk)
- 24% WITHIN 500 METRES (approx 6 minutes to walk)
- 22% WITHIN 750 METRES (approx 9 minutes to walk)
- 29% WITHIN 1 KM (approx 12-minute walk/3 minutes to cycle)
- 5% WITHIN 2 KM (approx 25-minute walk/7 minutes to cycle)

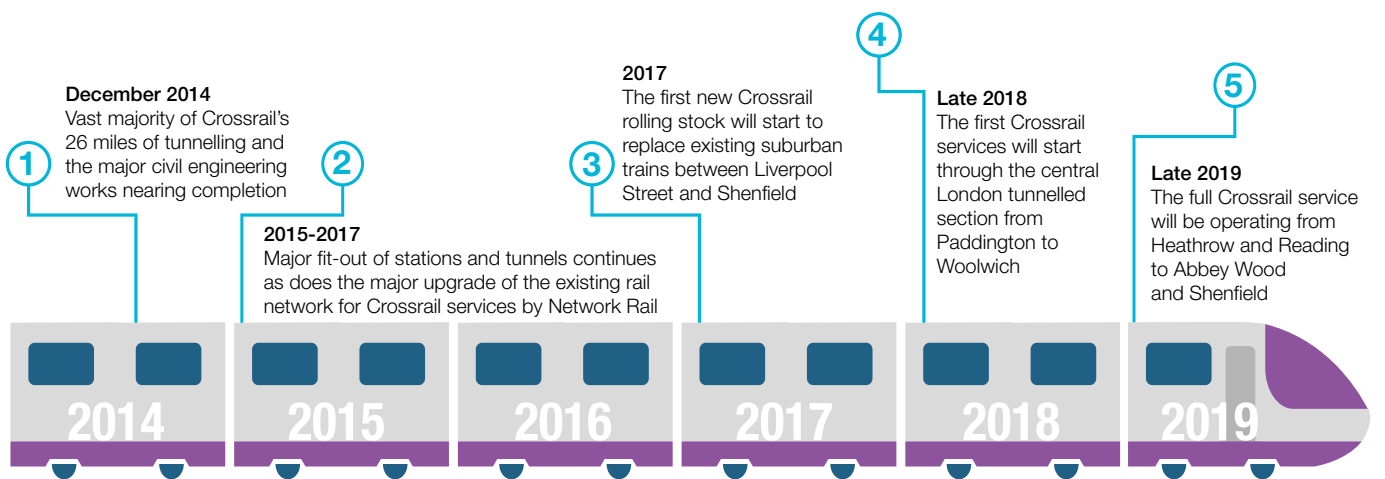
4% Don't know/NA

Source: Knight Frank Tenant Survey - London

91%

percentage of London tenants who want to live within 1km of a transport link

FIGURE 8 Timeline to completion



Source: Crossrail



Outlook

Our research shows that to date, average residential price growth in and around Crossrail stations has outperformed that seen in the surrounding local authority areas by 5%. Some areas have seen stronger growth than others (see maps), with overall price performance generally stronger in central London.

This reflects the wider market trends seen since 2008, but it is notable that over the last six months, price growth in PCL has eased, yet prices around many stations have continued to climb. There is a strong historic link between transport infrastructure and pricing, with the two key transport hubs of Tottenham Court Road and Farringdon seeing some of the strongest price growth. It is worth noting that these stations have also undergone, or are undergoing, serious re-development, with an overhaul of the public realm surrounding them, underlining the part played by regeneration in underpinning property price growth.

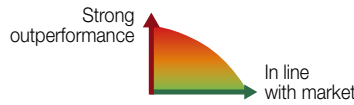
Over the last 12 months, the price "ripple" effect in London has really started to take effect, with stronger price growth in areas surrounding central London. This could help feed into stronger price growth around stations towards the East and West, especially those which have underperformed to date, and where housing supply is set to be delivered in the coming years. We expect that residential prices in and around most Crossrail stations will outperform local markets between now and 2018, with some areas performing more strongly, as indicated opposite. Our [base forecasts](#) show cumulative price growth of 15.2% in prime central London between now and the end of 2018, with growth of around 18% across London as a whole.

FIGURE 9 **Stations with the highest level of historic outperformance**
Versus local markets (Q2 2008- Q3 2014)

1	Bond Street	38.38%
2	Acton Main Line	33.10%
3	Farringdon	24.41%
4	Paddington	23.72%
5	Maryland	20.74%
6	Forest Gate	18.73%
7	Tottenham Court Road	17.66%
8	Liverpool Street	17.58%
9	Burnham	12.56%
10	Shenfield	11.80%

Source: Knight Frank Residential Research

FIGURE 10 **Prices set to outperform**
Versus local markets (2015-2018)



- Reading
- Twyford
- Maidenhead
- Taplow
- Burnham
- Slough
- Langley
- Iver
- West Drayton
- Hayes & Harlington
- Southall
- Hanwell
- West Ealing
- Ealing Broadway
- Acton Main Line
- Paddington
- Bond Street
- Tottenham Court Road
- Farringdon
- Liverpool Street
- Whitechapel
- Canary Wharf
- Custom House
- Woolwich
- Abbey Wood
- Stratford
- Maryland
- Forest Gate
- Manor Park
- Ilford
- Seven Kings
- Goodmayes
- Chadwell Heath
- Romford
- Gidea Park
- Harold Wood
- Brentwood
- Shenfield

Source: Knight Frank Residential Research

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