



PROPERTY TIMES

W11 Q3 2022 ISSUE



Welcome to the Q3 2022 edition of the YOUhome Property Times, an expert view on local property trends in W11. In this edition we look at new recent events and how they have affected the market, laying out the key influences and drivers in the Notting Hill residential property market currently and ongoing.

Brought to you by YOUhome Property Gurus.

WHAT HAPPENED IN Q2 & Q1 2022?

The market is thin, very specific and highly price sensitive other than for best in class.

The W11 data has been telling the story before market commentary has spotted and described it, here are some key points:

- In Q1 we saw the lowest number of properties sold in W11 in one quarter since records began in 1995;
- Best in class properties have sold well and quickly, other properties have needed to be carefully priced to attract viewings and offers. Even with very little stock there has been very little, if any, pressure exerted by buyers; all but very niche parts of the market need to be very carefully priced;
- The majority of the properties sold have been via the open market in W11 rather than "off-market".

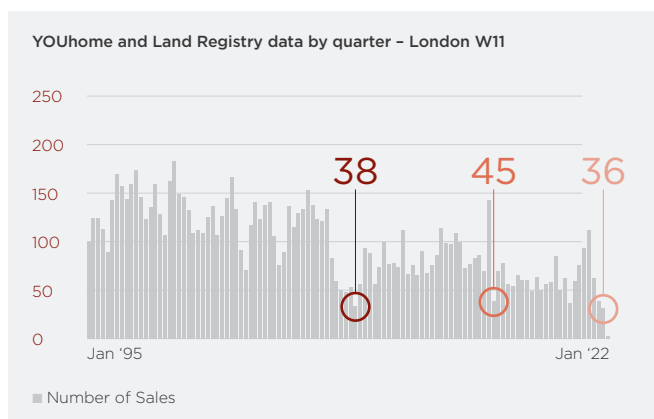
It is obvious but it is more important than ever that owners know their specific market for their own property; national trends and events in other sectors of the market may not be directly relevant.

The background environment is becoming increasingly challenging – and potentially "the cans keep being kicked down the road".

Q2 saw a slow down in viewings and offers as buyers took stock of:

- The Bank of England increasing interest rates for a fifth time in a row to 1.25% in the face of inflation, the consumer price index rate ("all items") (cpi) rising to 9.1% as at 22nd June. The Bank of England predicts inflation will rise to a peak of 11%, driven to a significant degree by energy, fuel and food prices.
- There has been a slew of anxiety-inducing numbers, including the retail price index rising to 11.7pc last month. Underlying this is the key statistic that approximately one quarter of the UK's national debt (around £500billion out of £2trillion) is linked to this index...causing for there to be record levels of Government borrowing, just to service the interest payments on this debt!!!
- All this against a backdrop of domestic political instability (understatement), COVID boosters for the over 50s in anticipation of a winter increase in cases, public sector pay rise demands and strikes and, beyond our own domestic situation, Covid lock downs continuing in other countries (China for example) hampering movement of goods and travel and the war in Ukraine appearing to be becoming entrenched....a raft of grim, important influencing factors.

How does this affect W11? A result of the above is a mounting level of uncertainty which has caused owners to wait to sell their property (causing for there to be lower than normal stock levels) and for possible buyers to do all they can to their existing space rather than buy something that is not quite right for them. This has brought about a record low level of transactions and low price pressure. By lack of pressure, I mean a lack of activity that would normally cause for prices to rise. In W11 we have experienced a diminished seller and buyer motivation to transact other than for the optimal price or the perfect property, manifesting in a low level of transactions in Q1 2022.



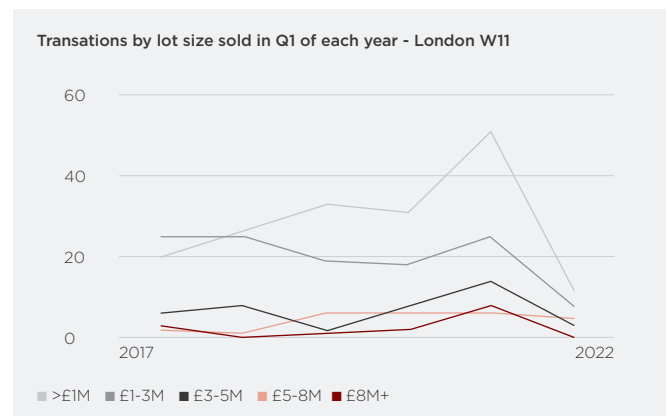
In the graph above, the three quarters marked are those with the lowest number of transactions, these are:

- The financial crisis Q1 2009 38 sold;
- Jan 2016, Q1 2016 saw Stamp Duty rise in April 2016, the quarter leading up to it we saw 164 sold in W11, then Q2 2016 saw 45 sold in the quarter immediately after; and
- Q1 of 2022 a record low of 36 were sold in W11.

Some buyers have stayed away - Added to this, one group of buyers has been less active than in the past and these are buyers based abroad seeking a safe haven for their money; there are many aspects of the UK that will continue to attract these buyers in the long term (geographic location, the English language, the rule of law etc.) however in the immediate, Brexit and increasingly rigorous money laundering supervision appears to have reduced the number of external buyers buying into W11 currently. The W11 market is largely made up of people already living locally and buying for more or less space.

But parts of the international buyer market are stirring – with the freeing up of travel from some parts of the world, we have seen buyers seeking an occasional base return. Buyers from Singapore and the Americas, for example, are back viewing and offering but these are still a small proportion of the whole W11 market compared with the past.

National property prices are still being predicted to grow...no obvious sign of a major correction appears on the horizon (but how often do they appear in advance?) however, here in W11 it is important for owners to consider the specific market for their property and not be overly influenced by the activities in different sectors of the local (or national) markets. It may be obvious but parts of the W11 property market are much busier than others...



But as the graph above shows, as a whole, numbers across all property lot sizes are down on the same period of 2021 and only in specific niches are we seeing competition, price pressure and premium prices being generated.

“OFF-MARKET” OR ON MARKET

Many of the larger best-in-class properties are marketed quietly, in an organised but “off market” process designed to secure a premium from buyers in return for exclusivity. Properties that are unlikely to attract a premium in this way are marketed via the portals and this is the norm currently in W11, in spite of the headline grabbing “off-market”, “premium sales” being achieved.

Of the 36 properties sold in the first quarter of 2022, 78% of sales were marketed on the portals, and of the remainder, five out of eight sold below £600,000. It is our experience that off-market transactions tend to be in the £8m+ bracket.

Owners must weigh up what is best for their property and be carefully guided by their estate agent.

OFF-MARKET

We have successfully sold off-market, for example:

St James's Gardens – Quietly marketed for a high profile client, sold to a cash purchaser moving locally.



- 4,121 sf
- Six bed
- Freehold house
- Asking £10m

PORTALS

And on the portals, for example:

Hillsleigh Road – before our instruction this had been marketed for eight months by three other agents. We were instructed, had 11 new applicants and agreed a sale which was completed in two weeks.



- 3,727 sf
- Five bed
- Freehold house
- Asking £5.45m

LENDING CRITERIA SCRAPPED

Adding to the uncertainty is the prospect of mortgages becoming more expensive with interest rate rises. In W11 and prime central London where debt is less of a component in transactions this will have less of an impact than other parts of the country will experience but will gradually affect all the market.

With this comes news that lenders will no longer have to check whether homeowners can afford mortgage payments at higher interest rates. The rule being removed was introduced in 2014 to make sure borrowers did not take on more debt than they could afford. It is the Bank of England's view that the remaining rules, including caps on mortgages based on the income of borrowers, are likely to play a stronger role and scrapping this rule will allow lenders some discretion and room for innovation whilst maintaining their risk committees and strict lending criteria.

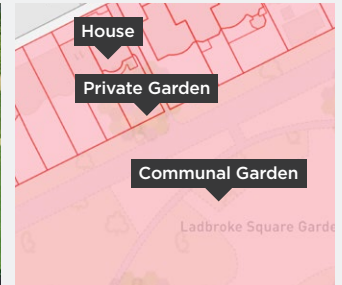
GREAT DEMAND FOR GARDENS

Particularly gardens leading to gardens!

One of the niches attracting significant competing offers is houses with direct communal garden access... Notting Hill is unusual in central London and beyond in that the original property developers designed houses that often have their own private gardens and then which lead to communal (but private) gardens, available to them and other property owners on and around this garden.



Source: Google



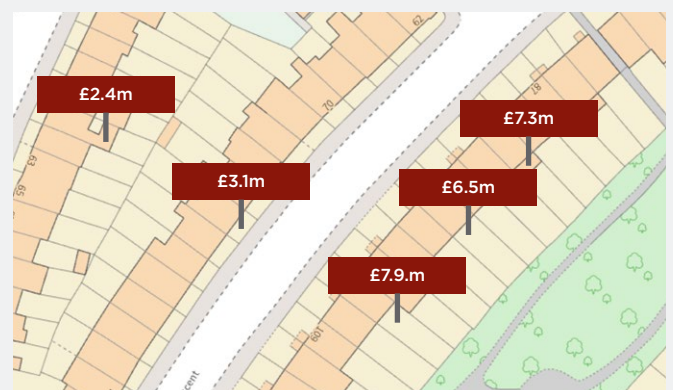
Source: Land Registry

I will be writing and talking more about these but in brief, W11 has 16 gardens with houses leading directly on to them (as opposed to squares with communal gardens in them like the lovely Norland and St James's Squares).

Around these gardens are a total of 321 freehold houses which lead directly on to (rather than having “access to”) these gardens. These are a finite and attractive prospect, even before lockdown and since this house-bound period, these houses have become yet more sought-after and valuable.

On the rare occasion that one of these properties is sold, they are often not marketed on the portals, they are marketed quietly on an “off-market” basis as buyers can pay premiums to secure them before they come to market.

We can see examples of this below on our YOUeye.com with, as shown below, some sales of houses on Blenheim Crescent ranging from £2,200 per square foot in February 2021 and £3,000 per square foot, a new high for the road achieved in July 2021.



89, Blenheim Crescent W11 2EQ

Terraced, Freehold

Sale Date	Price Paid	Change	Floor Area Price
16/07/2021	£7,250,000	0.0% pa	£3,000/sf

As mentioned, the number of houses with gardens leading directly to communal is comparatively small, sales of these are relatively rare. It is an easy mistake to make to assume that properties that don't have the sought-after attributes of these houses will attract the same levels of interest simply because they are in the same area.

WE ARE PROBLEM SOLVERS

We sell over 90% of properties we're instructed on and part of the reason for this is that we work hard to find solutions. We have built up a wide range of leading experts to advise owners and buyers alike. One of these is leading solicitors Macfarlanes LLP. As we see the international market opening up in W11 we have asked Macfarlanes' Jessica Yu to summarise UK immigration options and recent changes which readers will find interesting. Jessica provides specialist UK immigration and nationality advice to a range of clients including high-net-worth individuals and corporates.

If you would like further information on any of the above routes or specific UK immigration advice, please contact Jessica Yu at Macfarlanes by calling **+44 (0)20 7849 2760**, or via email: jessica.yu@macfarlanes.com

UK immigration options - There are many UK immigration categories that allow non-British/Irish nationals to come to the UK to work, study, live and/or visit. It is important that they hold the right immigration permission so that they can undertake their planned activities whilst in the UK.

Here is a high-level overview of some of the current UK immigration options for high-net-worth individuals.

Investor Category - One of the most flexible UK immigration categories was the Investor visa. Provided the individual had at least GBP 2,000,000 and was willing to invest it in the UK, they would be able to get a visa to come to the UK, along with their eligible family members (Dependants). Once they were in the UK, they could take up employment, be self-employed, study or be self-sufficient.

Unfortunately, on 17 February 2022, the Home Office announced the closure of this category to new applicants with immediate effect. This did not affect current Investor visa holders and their Dependants.

Although it is too early to say with certainty, we speculate that a route for investors may be re-introduced in the future. We would expect the details to be announced in Autumn 2022.

Innovator - for those who wish to set up and run a viable UK business and make a minimum £50,000 investment. [Read More](#)

Skilled Worker - for those who wish to work in the UK and will be sponsored by a UK employer. [Read More](#)

Global Talent - for those who are endorsed as having an exceptional talent in a relevant field. [Read More](#)

Student/Parent of a Student - for those who wish to study in the UK. A parent of a child who is on a Student visa and under the age of 12 can come to the UK with the child.

Graduate - for those who have graduated from a UK university. [Read More](#)

High Potential Individual - for those who have graduated from a top 50 global university listed by the UK Government.

Dependant/Family - for those with a partner who holds UK immigration permission or British citizenship/ILR.

British Nationality (Overseas) (BNO) - for those who hold BNO citizenship and can support themselves. [Read More](#)

EU Settlement Scheme (EUSS) - for EEA nationals and qualifying family members of EEA nationals. Although the deadline for most applications under the EUSS has passed, there are exceptions.

Ancestry - for Commonwealth citizens who have a grandparent who was born in the UK.

Visitor - for those who do not wish to work or permanently reside in the UK and plan to stay in the UK for no more than four to six months in any 12-month period.

At YOUhome it's expert and personal

This local property update, expert commentary and access to leading specialist advice is just part of the excellent agency service we provide. We have collectively lived in Notting Hill for over 50 years, raised families locally and, combined, have sold over a thousand properties. Please do contact us with any questions you may have, I/we can be reached on either **07780 497188** or **0207 908 9282**.



Jerry Epton (MRICS), W11 Property Guru
Call **07780 497188**
Email jerry.epton@youhome.co.uk



George Hartley, Client Services Consultant
Call **07498 073410**
Email george.hartley@youhome.co.uk



Laurence Lai
COO & Head of London Sales



Adrian Black
Founder & CEO