

Westminster, Victoria & Pimlico

London SW1

UK Living Research | October 2019





*Westminster,
Victoria & Pimlico*

The redevelopment of office properties into state of the art, prestigious and ideally located apartment buildings has helped breathe fresh life into the area.

The local story

New residential developments are transforming the neighbourhoods of Westminster, Victoria & Pimlico. The change has been so dramatic that these areas are now renowned as enticing residential hotspots in their own rights.

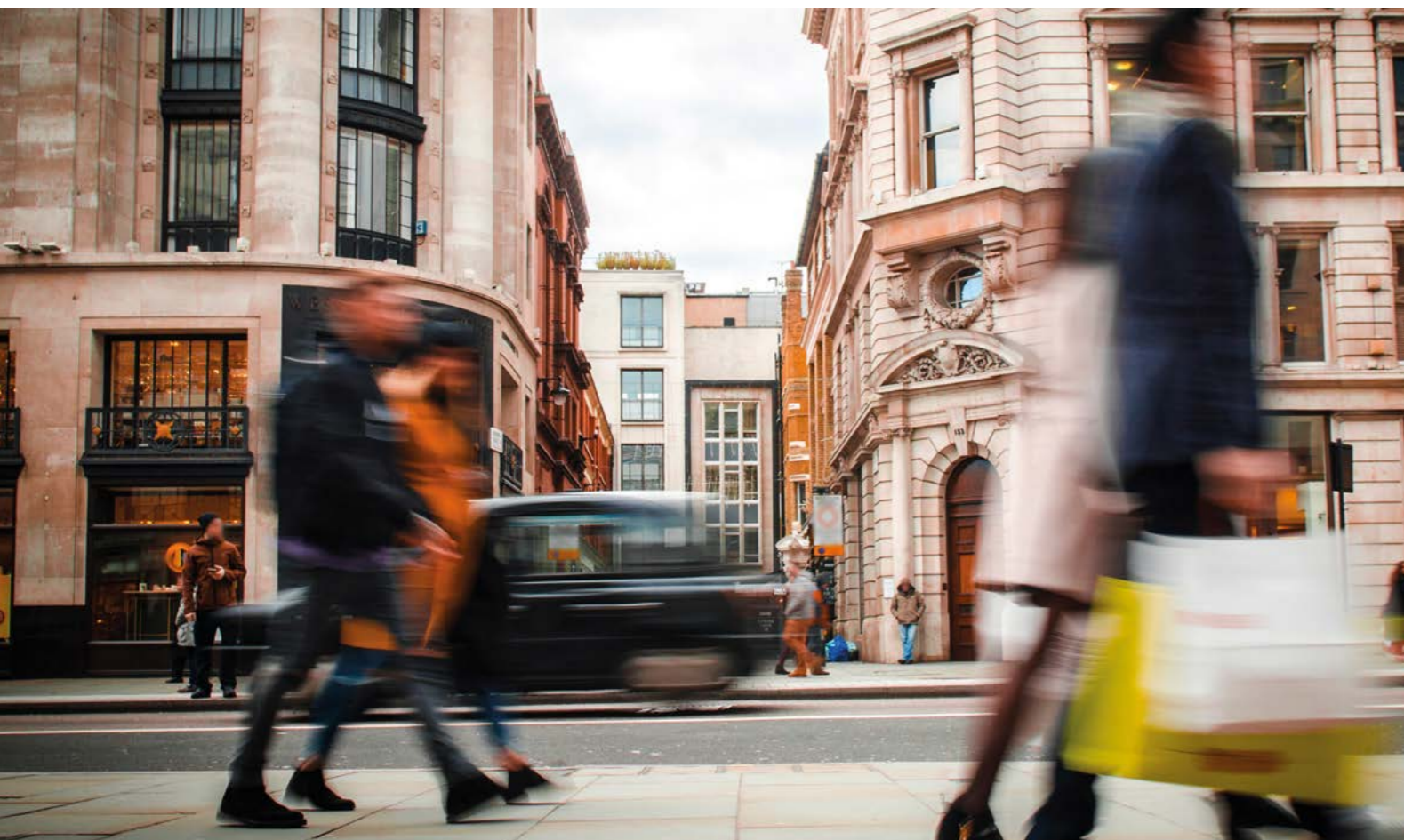
The key driver of change is the switch from an office-dominated location into a truly mixed use and bona fide residential enclave of Central London. Almost all residential developments, recent past, current and planned, are redevelopments of office buildings – largely borne out of the relocation of government departments from their traditional Westminster homes.

The redevelopment of these office properties also lends itself to large-scale

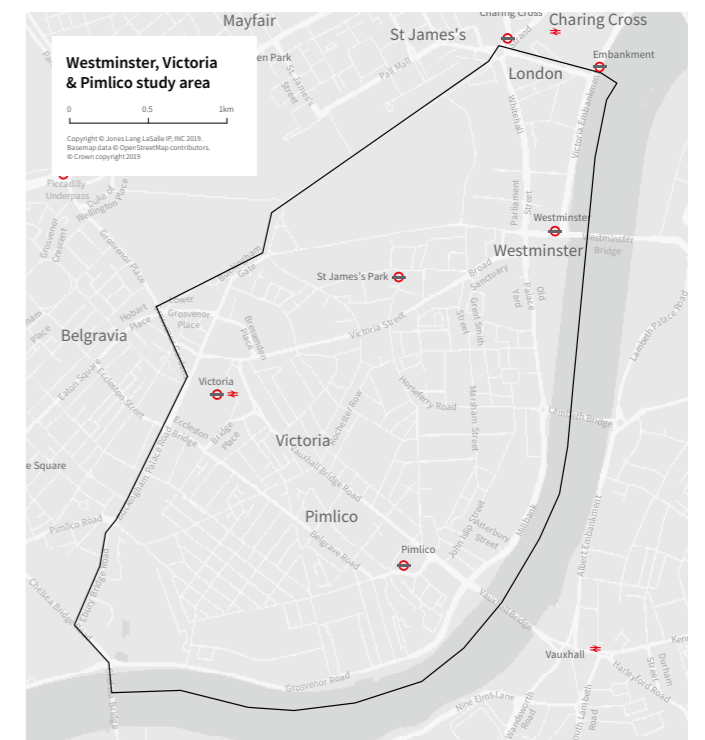
development, which has led to much larger residential schemes than in many other parts of Central London. The sheer number of office redevelopments has meant that the quantum of residential development in Westminster, Victoria & Pimlico has been greater than in many other, more established, London neighbourhoods.

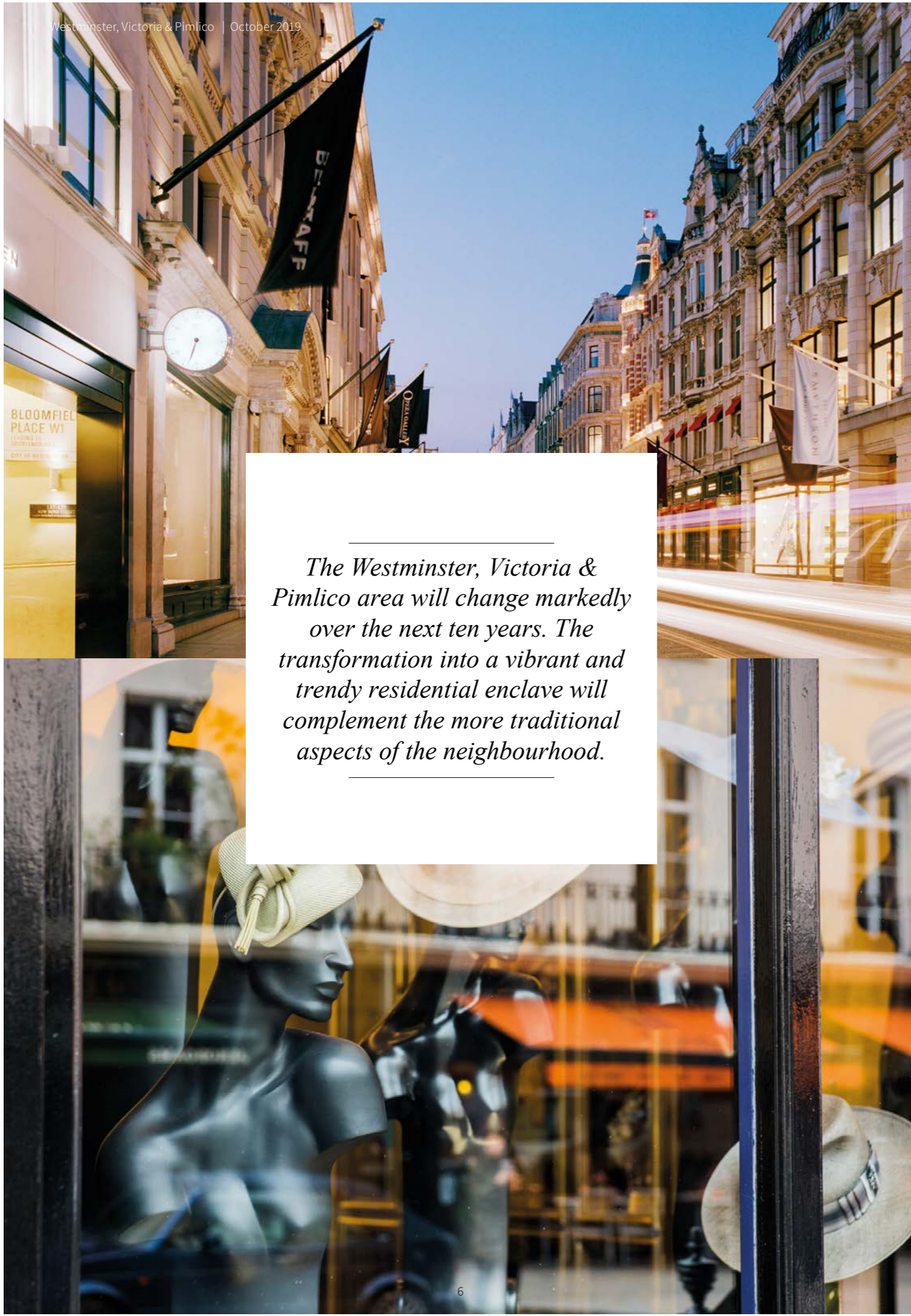
The central location of several of these new schemes, many only a stone's throw from the likes of Mayfair and

Knightsbridge, has also helped to raise the bar in terms of specification and pricing, closer to those in its more-esteemed neighbours. All of these factors are broadening and deepening the residential appeal and vibrancy of the area, giving rise to a re-energised and evolving modern residential destination in Central London.



The Westminster, Victoria & Pimlico area offers residents characterful and varied lifestyles. All are ideally located with fantastic access to public transport, bountiful heritage and theatres. London's main employment hubs are right on the doorstep.





The Westminster, Victoria & Pimlico area will change markedly over the next ten years. The transformation into a vibrant and trendy residential enclave will complement the more traditional aspects of the neighbourhood.

Outlook

Each part of the Westminster, Victoria & Pimlico area has a bright, but quite different, future.

The Westminster, Victoria & Pimlico area will continue its steady morphing from offices to residential over the next decade. The step change to vibrant residential neighbourhoods, especially around Victoria station, has already taken place, but further development will extend this trend.

Meanwhile, the more traditional parts of the area will modernise gradually, but will retain the charm and distinction loved by so many residents. The area's Central London location will always be the key selling point.

There are a number of ground-breaking schemes under construction that will raise the bar in terms of specification and pricing.

And with 732 units under construction or in the planning pipeline, residential development will continue to be a critical and determining factor in the evolution of the area into a more established and recognised residential location in Central London.

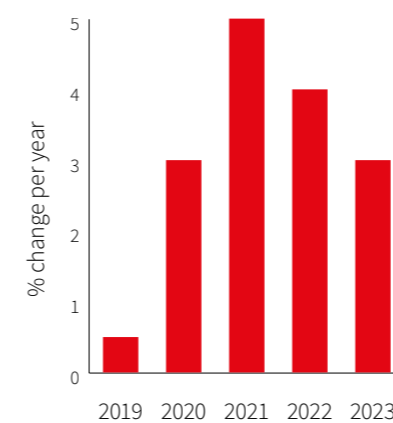
Furthermore, with the need for large government-related office properties diminishing in Central London, the potential to redevelop this stock and to grow the residential appeal and offering here will become even greater.

Given the calibre of schemes set to come to market, we expect the £3,000 psf pricing threshold to be challenged and surpassed more frequently over the next ten years, for

the right scheme in the right place of this varied neighbourhood.

The outlook for sales prices and rents is dependent on the route of Brexit. Once the UK political and economic outlook looks more certain, and assuming a positive outcome for the UK, we expect the sales and lettings markets to accelerate in terms of transactions and price growth.

Prices to rise strongly after positive Brexit outcome

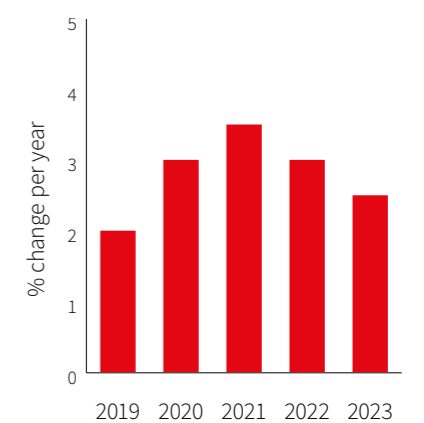


Source: JLL

16%
Five year sales price growth forecast

15%
Five year rental growth forecast

Rental growth outlook looking brighter post-Brexit



Source: JLL

New-build sales market

The new-build sales market in Westminster, Victoria & Pimlico is strong, with a good mix of new developments for buyers to choose from.

New-build pricing in the area currently averages £1,750 psf and typically ranges between £1,400 and £2,750 psf.

Pricing can push above £3,000 psf in some high-specification and well-located schemes.

A number of new-build developments have been selling well recently. St Edward Homes' 9 Millbank has been a notable success while other schemes currently being marketed include No.1 Palace Street and The Broadway. At present, however, there are only 6 new schemes (25 or more private units) with units for sale in the area.

The high pricing levels mean that demand for apartments typically comes from domestic and international HNWIs. Although there is still an element of investment

desirability, most buyers are owner-occupiers. There is a strong degree of wealth preservation in their purchasing rationale.

The close proximity to employment hubs as well as the convenient access to Central London restaurants, theatres and other entertainment are key drivers of demand, across all price points. The transport links and easy access to the River Thames and London parks are also strong benefits of living in the area, with properties such as 9 Millbank and The Broadway benefitting from some phenomenal views.

At the lower-end of the price range, the changing dynamic of an increasingly vibrant, social and residential living environment, especially around Victoria station, is an excellent selling point. At

higher price points, proximity to landmark locations, such as Buckingham Palace or St James's Park are far more important.

"People love living in the new developments here. It is in the heart of London with easy access to workplaces, universities and entertainment. The demographic mix is certainly becoming younger too."

Oliver Gibson,
Residential Sales & Development



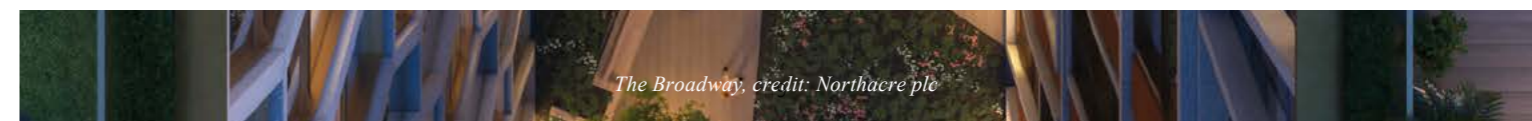
£1,400-£2,750
psf

Typical pricing of new-build apartments

6

New developments have units for sale

Source: JLL, Molior. Data correct as at Sept 2019. Schemes of 25 or more private units.



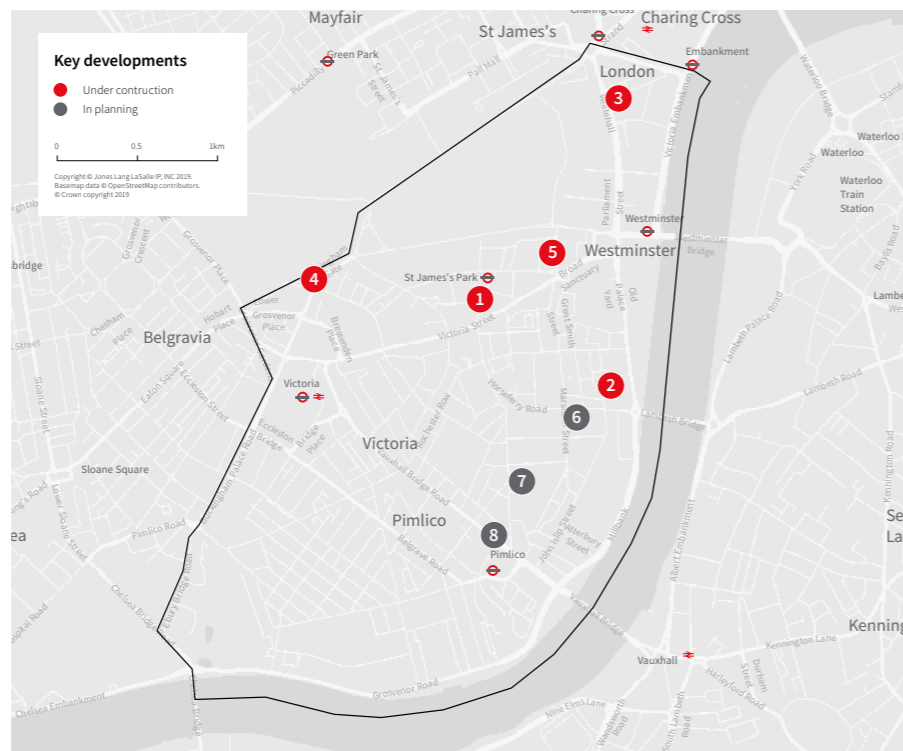
The Broadway, credit: Northacre plc

New-build development market

New development, both residential and commercial, especially around Victoria station, is re-energising the locale.

The number of units under construction has accelerated sharply over the past two years. There were a number of completions during 2016 and 2017 but the residential development market then entered a quieter period. However, there are now 630 units under construction, notably higher than the 244 in Q1 2017.

There are a further 102 private units in 3 schemes in the Westminster, Victoria & Pimlico planning pipeline. However, more than 850 units within nine schemes could come back into play when market conditions improve, their planning permissions having recently expired.



Map ref	Scheme	Developer	Private units	Status
1	The Broadway	Northacre, Abu Dhabi Financial Group	258	Under construction, for sale
2	9 Millbank	St Edward Homes	187	Under construction, for sale
3	Old War Office	The Hinduja Group	85	Under construction, not launched
4	No.1 Palace Street	Northacre	72	Under construction, for sale
5	No.1 Queen Anne's Gate	Maple Springfield	28	Under construction, for sale
6	Dean Bradley House	Highdorn, Daejan, Freshwater	45	Permission
7	1 Vincent Square	C&C Sons	27	Permission
8	33 Vauxhall Bridge Road	The Crown Estate	30	Application

Source: JLL, Molior. Data correct as at Sept 2019. Schemes of 25 or more private units.



The Broadway

The most high-profile scheme under construction. The Abu Dhabi Financial Group has partnered with Northacre to build out the six buildings planned at the former Metropolitan Police headquarters New Scotland Yard. There will be 258 private units. The prime location and high specification have meant that pricing for units is often in excess of £3,000 psf.

9 Millbank

This St Edward scheme of 187 private units across two phases is due to complete in 2022. The scheme has sold incredibly well over the past year, demonstrating the appeal of the Westminster neighbourhood.

Old War Office

The conversion of the Old War Office on Whitehall by the Hinduja Group, which will have 85 residential units as well as a hotel, operated by Raffles, is a rare opportunity to develop residential in such a prestigious location.

630

Units under construction

102

Units in the development pipeline

Source: JLL, Molior. Data correct as at Sept 2019. Schemes of 25 or more private units.

Existing property sales market

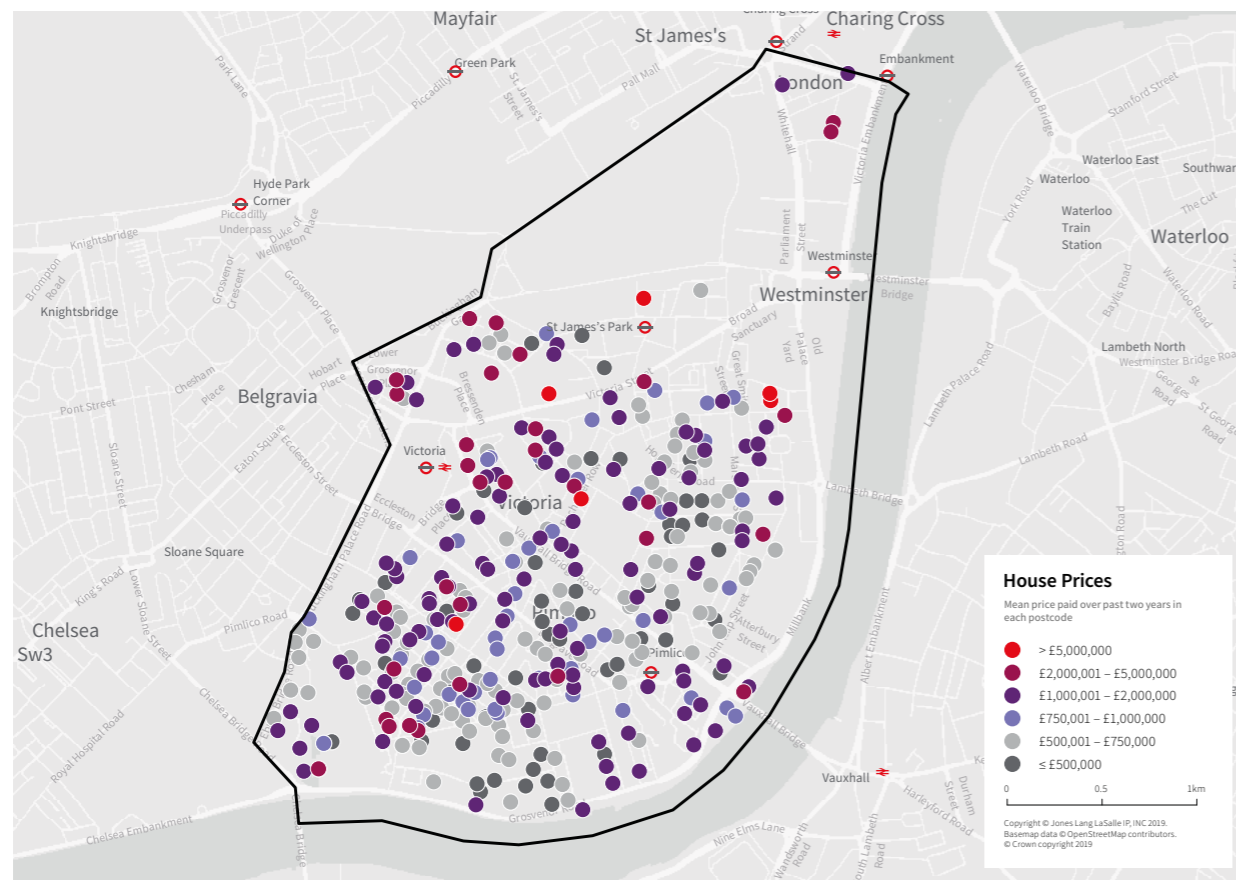
Apartments within purpose-built mansion blocks together with re-sales in recent developments are in high demand, while white stucco houses in Pimlico are always highly sought-after.

The market for traditional, period and more modern properties in Westminster, Victoria & Pimlico is well-established. There are elegant streets of white stucco houses in the Pimlico area, which are frequently split into flats, while there are various mid-1900's mansion blocks throughout the area but most particularly in the streets around Vincent Square. Newer apartment buildings are most common closer to Victoria station.

“Beyond the landmarks, famed streets and office buildings, the residential market in Westminster, Victoria & Pimlico is something of a hidden gem – with plenty of beautiful streets and properties which appeal to a wide variety of buyers.”

Richard Barber, Existing Property Sales

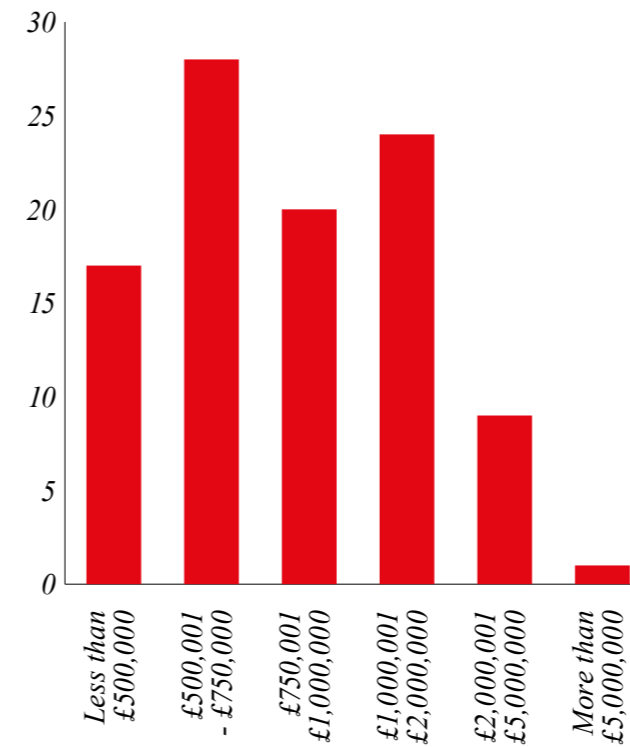
Buyers are drawn to the area for its convenient proximity to Central London but also to the traditional style homes, both individual houses, especially in Pimlico, but also by the larger room sizes and higher ceilings in some of the older mansion blocks. This said, there is an exciting and growing number of newer apartment properties which are attracting a different type of buyer, thereby helping to diversify the resident base of the area.



Source: JLL, Land Registry

Local transactions by value

% of property transactions in last two years



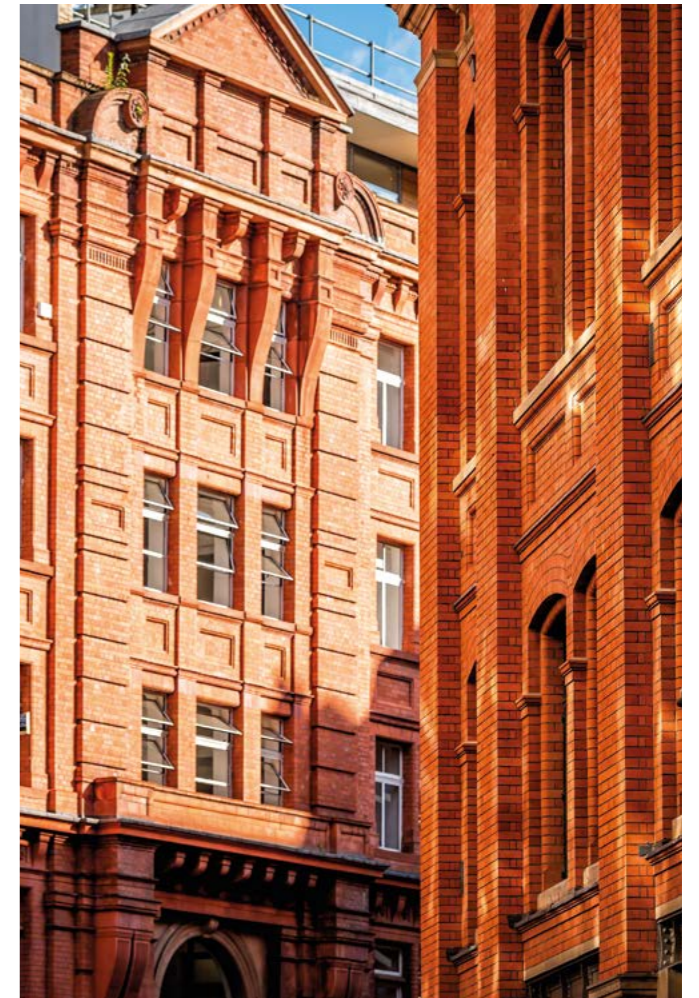
Source: JLL, Land Registry

The majority of existing property sales over the past two years have been in the southern half of the locale, primarily in the Pimlico area. The highest concentrations of sales have taken place around Eccleston Square, Warwick Square, in the grid of streets around Winchester Street and to the north east of Vincent Square.

The average price paid for an existing property in the last two years was £1.13m. Around 17% of homes purchased were below £500,000 with 28% priced between £500,001 and £750,000. 24% were between £1m and £2m with 10% of purchases above £5m. 92% of purchases over the past two years have been apartments.

House price growth in the London Borough of the City of Westminster, within which the neighbourhoods of Westminster, Victoria & Pimlico sit, has been exceptional over the past 20 years. Prices have increased by 368% during this time, an average of 8.0% pa. This is higher than the Greater London average of 311% and 7.3% pa respectively.

368%
the 20 year increase in house prices in the City of Westminster



Lettings market

There is an active, established and diverse lettings market in Westminster, Victoria & Pimlico. The easy reach to employment hubs and entertainment is key.

Much of the lettings market is within mansion blocks and converted housing but, with several developments completing lately, the vibrancy created by a new cohort of residents has improved and expanded the appeal to renters.

There is a real diversity of renter in the area. This can range from the traditional, older banker or professional, right through to high-earning younger professionals. There are also a number of HNW students who like the buzz around Victoria and the easy access to various Central London universities. Demand from HNW students has increased notably over the past year. They have a preference for new-build property and particularly like this area.

£450 – £700 pw

Rent for a typical one bedroom apartment

£600 – £1,100 pw

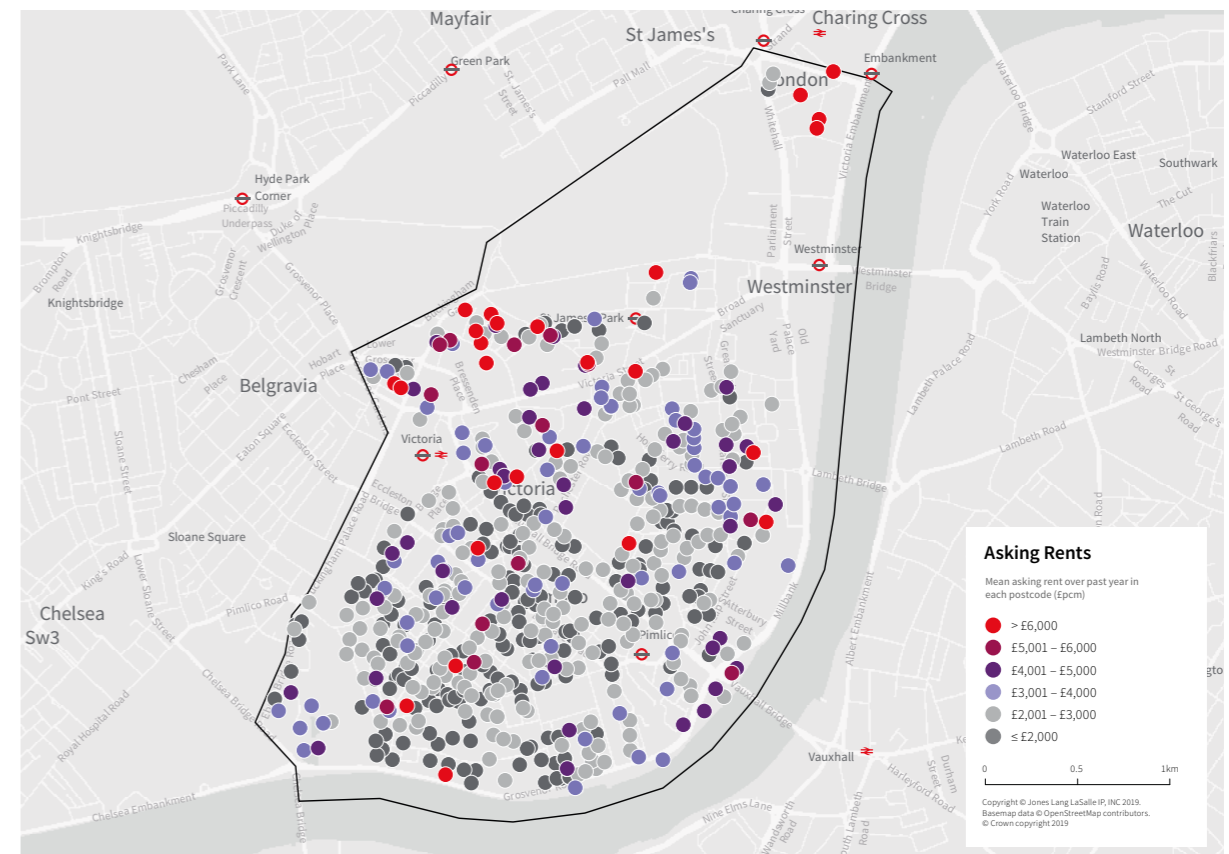
Rent for a typical two bedroom apartment

Rents for a new or nearly new one bedroom apartment in the area typically range between £450 and £700 pw, while a two bedroom apartment can usually command a rent between £600 and £1,100 pw. Rents are typically priced in the 50-60 psf pa range.

Two multifamily (purpose-built rental) developments have completed in the past year. The 64 units at Buckingham Green came to market in late-2018 and has let well, while the 29 units at 14 Great Peter Street have not been released yet. However, the vast majority of rental apartments are owned by private landlords.

New developments have brought a real vibrancy to the area, which has attracted a younger demographic compared with the typical traditional tenant of the past.

Kerry Morley, Residential Lettings









Source: JLL, Rightmove

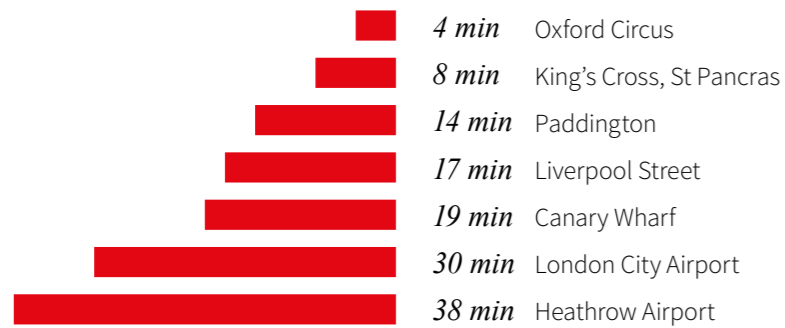
Connectivity

The areas close to Victoria station are particularly well-connected with National Rail services to various locations in south and south east London and south and south east England. It is also very well-connected to other parts of Central London. Victoria is also home to London's main coach station.

Train and Underground stations

Victoria	St James's Park	Pimlico	Westminster
 	 		
National Rail, Gatwick Express, Victoria, Circle and District Underground lines	Circle and District Underground lines	Victoria Underground line	Jubilee Underground line

Typical journey times from Victoria station



Source: TfL

Landmarks

- Buckingham Palace
- Houses of Parliament
- Downing Street
- Big Ben
- Westminster Abbey
- Tate Britain
- St James's Park
- Victoria Palace Theatre
- Apollo Victoria Theatre

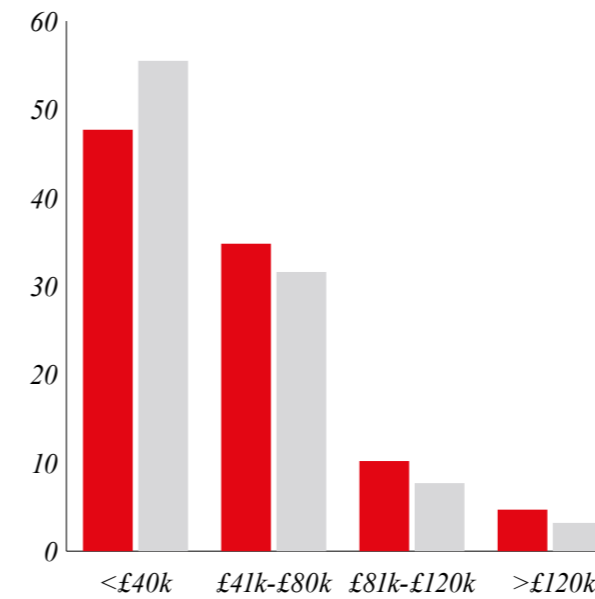


Who lives here?

There is a higher proportion of higher earners in Westminster, Victoria & Pimlico compared with Greater London. There is also a higher proportion of young professionals (Rising Prosperity household types), a greater percentage of younger and older adults and a higher proportion of privately rented homes, compared with Greater London.

Annual household income

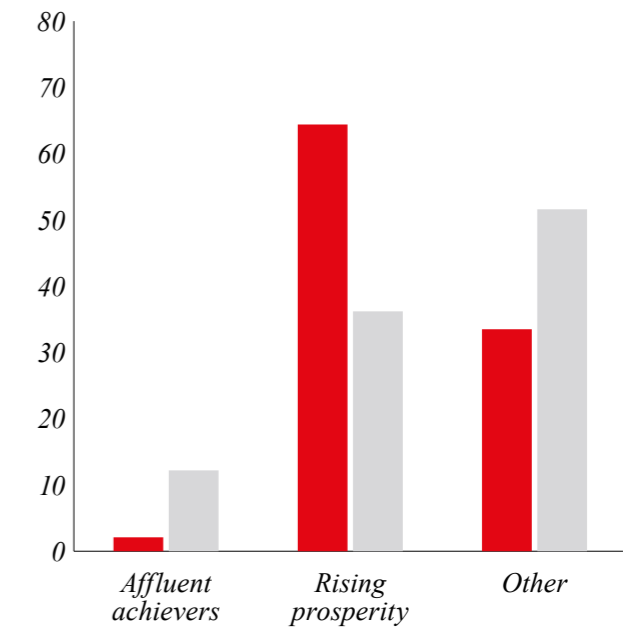
% of households



Source: JLL, CACI

Household types

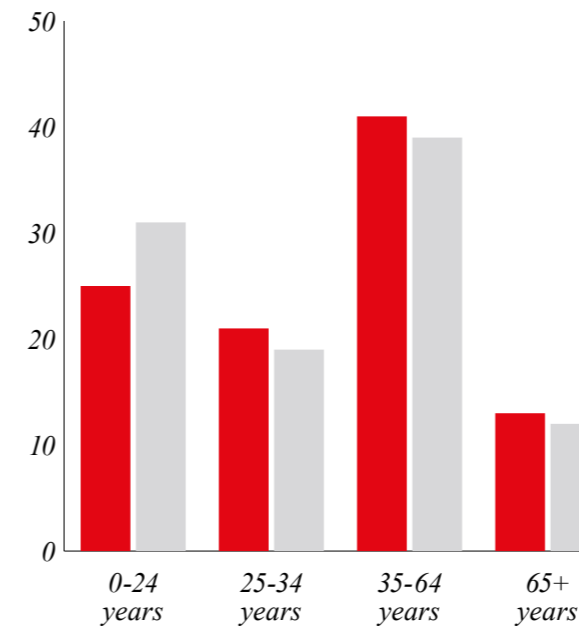
% of households



Source: JLL, CACI

Age distribution

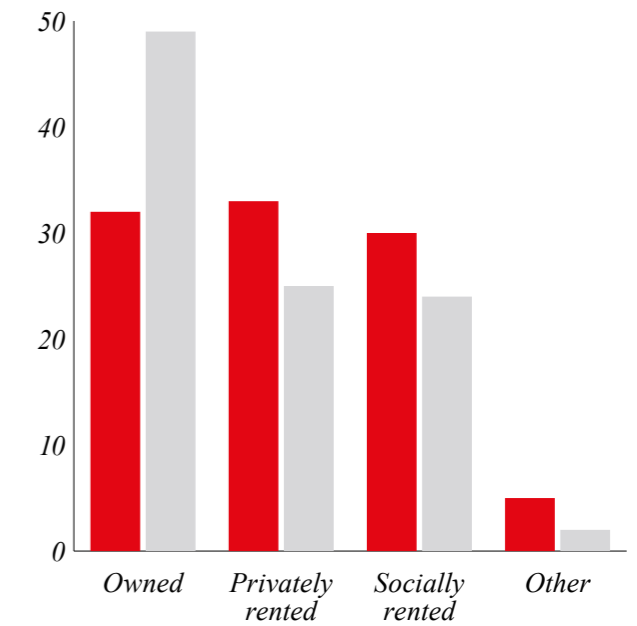
% of population



Source: JLL, CACI

Housing tenure

% of households



Source: JLL, CACI

■ Westminster, Victoria & Pimlico ■ Greater London

Restaurants

Michelin star restaurants located within
the Westminster, Victoria & Pimlico area

The Goring Dining Room

Quilon

A. Wong

Michelin star restaurants nearby

Marcus, Knightsbridge

Amaya Grill and Bar, Belgravia

Celeste, Belgravia

Petrus, Belgravia

Hide, Mayfair

Gymkhana, Mayfair

Murano, Mayfair

Veeraswamy, Mayfair

Aquavit, St James's

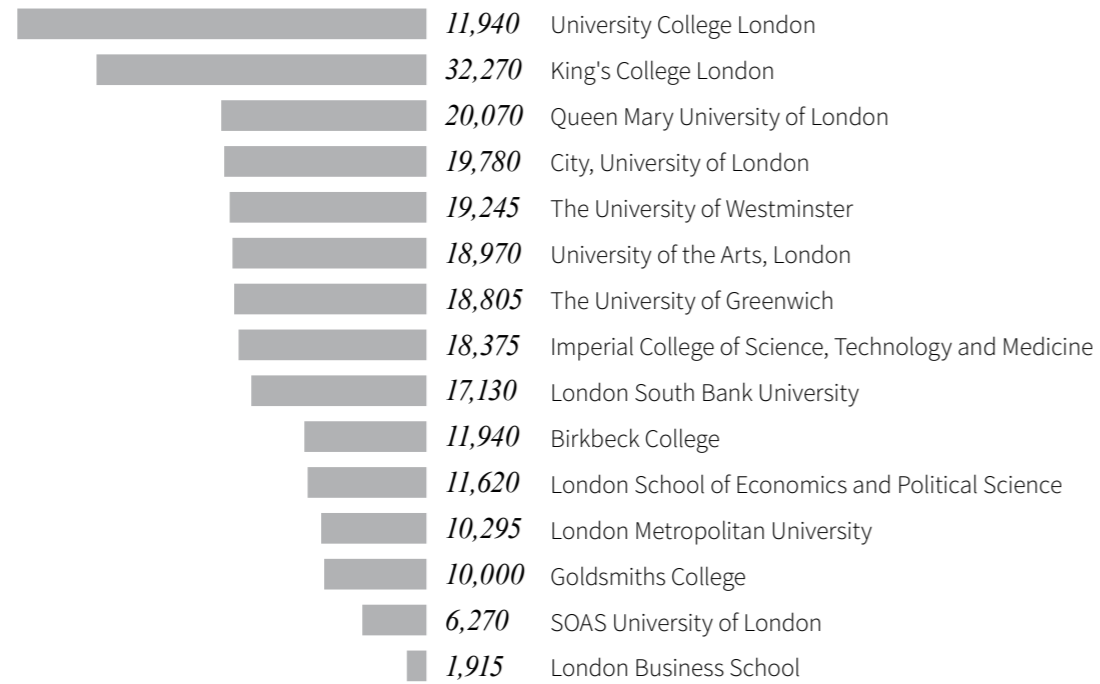
Ritz Restaurant, St James's

Dinner by Heston, Knightsbridge.



Universities and schools

Selected universities across London
(number of students)



Schools located within the Westminster, Victoria & Pimlico area

Independent schools

School	Type	Age
Eaton Square School	Independent	Primary, Secondary
Westminster Abbey Choir School	Independent	Primary, Secondary
Westminster Cathedral Choir School	Independent	Primary, Secondary
Westminster Under School	Independent	Primary, Secondary
Westminster School	Independent	Secondary, Post 16

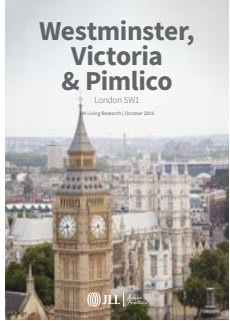
Primary schools

School	Type	Age
Burdett-Coutts and Townshend Foundation CofE Primary School	Maintained	Primary
Churchill Gardens Primary Academy	Academy	Primary
Millbank Academy	Academy	Primary
Pimlico Primary	Academy	Primary
St Gabriel's CofE Primary School	Maintained	Primary
St Matthew's School, Westminster	Maintained	Primary
St Vincent de Paul RC Primary School	Maintained	Primary
Westminster Cathedral RC Primary School	Maintained	Primary

Secondary schools

School	Type	Age
Pimlico Academy	Academy	Secondary, Post 16
Westminster City School	Academy	Secondary, Post 16
The Grey Coat Hospital	Academy	Secondary, Post 16
Sir Simon Milton Westminster University Technical College	Academy	Secondary, Post 16
Harris Westminster Sixth Form	Academy	Post 16





Westminster, Victoria & Pimlico

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Matthew Saville

New Home Sales

matthew.saville@eu.jll.com
+44 (0)20 7399 5972

Oliver Gibson

**Residential Development
& Sales**

oliver.gibson@eu.jll.com
+44 (0)20 7087 5887

Peter Preedy

Residential Development

peter.preedy@eu.jll.com
+44 (0)20 7201 6685

Richard Barber

Existing Property Sales

richard.barber@eu.jll.com
+44 (0)207 306 1624

Kerry Morley

Residential Lettings

kerry.morley@eu.jll.com
+44 (0)20 7306 1637

Lucy Morton

**Head of Residential
Agency Sales & Lettings**

lucy.morton@eu.jll.com
+44 (0)20 7306 1631

Kate Flynn

Residential Lettings

kate.flynn@eu.jll.com
+44 (0)20 7306 1605

Neil Chegwiddden

Living Research

neil.chegwiddden@eu.jll.com
+44 (0)20 7087 5507

Michael Drapper

Media Queries

michael.drapper@eu.jll.com
+44 (0)20 7087 5840



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