

1 Residential Market Analysis

Market

Local Market

Knight Frank has conducted market research to gain an understanding of the demand for particular unit types within Twickenham and in turn the values they should achieve.

Below we examine the anticipated demand for one, two and three bedroom units within the local market.

- **One Bed** – Whilst there is demand for one bedroom units within Twickenham this market is relative immature compared with larger apartments. Typically one bedroom units located close to central London transport links experience the greatest demand as they offer good value to commuters less interested in the offerings of their local surroundings.
- **Two Bed** – The overarching feedback from local agents suggests that two bedroom units will attract the greatest demand from buyers in the local market. Many purchasers within the local market will not consider units smaller than two bedroom apartments as they require larger units to suit their suburban lifestyle.
- **Three Bed** – There is a lack of three bedroom apartments in the local market. Given much of the apartment stock consists of smaller units converted from period housing. Local agents suggest high quality 3 bedroom apartments will offer a product not previously seen in the area and as such will attract a range of buyers.

Comparable Evidence

New Build

We detail below a number of new build schemes which provide useful comparables for the proposed development, based on their location and value.

The key comparable is Brewery Wharf, located opposite Twickenham train station. The development's location is largely regarded as more desirable than the subject site given its close proximity to transport. However whilst the subject property is located further from transport links, its enviable riverside location arguably brings the proposed scheme on a par with Brewery Wharf. As such the proposed development should aspire to achieve the Brewery Wharf values.

The remaining three schemes are located in the wider Twickenham/St Margarets area and illustrate a range of values currently being achieved. We have examined the characteristics of these schemes and believe the proposed development presents an opportunity to create a desirable product capable of commanding values towards the upper end of this range.

Brewery Wharf



Developer	St James
Value	£800 per sqft
Units	82 (70 Private)
Status	Complete
Sold	100%

Comments

Brewery Wharf launched in 2014 and enjoyed a strong rate of sale, selling out by the end of 2015. The scheme consisted of 12 x 1 bed units and 59 x 2 bed units. One bedroom units achieved an average value of £809psf whilst a single unit with the benefit of a large terrace achieved £1,000psf. Two bedroom units achieved an average value of £790psf and again a maximum value of £1,000psf on one unit. St James commented that the efficiently sized and well-priced two bedroom units experienced the greatest demand and sold the quickest. They also commented that one bedroom units struggled relative to the two beds and that they received a number of enquiries for 3 bed units within the scheme.

Fitzroy Gate (Apartments)



Developer	St James/Beechcroft
Value	c. £845 per sqft
Units	98 (68 Private, 24 Apartments)
Status	Complete
Sold	100%

Comments

Fitzroy Gate is a joint venture development between St James and Beechcroft. The apartments within the scheme were delivered by Beechcroft and launched in Q4 2015 before completing in Q4 2016. The mix of apartments comprised 14 x 2 beds and 10 x 3 beds. The apartments sold out in Q1 2017 with a number of unique garden/river-facing units reportedly achieving in-excess of £1,000psf.

St Margarets Waterside



Developer	Mizen Properties Ltd
Value	c. £700 per sqft
Units	21 (21 Private)
Status	Complete
Sold	76% (5 units remain)

Comments

St Margarets Waterside launched in April 2015 and to date has sold 16 units. The development consists of 6 x 1 beds, 12 x 2 beds and 3 x 3 beds. One bedroom units achieved values of c. £770psf whilst two bedroom units reportedly achieved c. £700psf. Three bedroom units reportedly achieved a range of values between c. £665psf and c. £725psf.

Twickenham House



Developer	Axiom Land Limited
Value	c. £750 per sqft
Units	21 (15 Private)
Status	Complete
Sold	100%

Comments

Twickenham House is a development by Axiom Land Limited. The development is located west of the town centre on Heath Road and consists of 6 x 1 beds and 9 x 2 beds. One bedroom units within the development have reportedly achieved c. £740psf whilst two beds are reported to have transacted for c. £770psf. It should further be noted that the units within this scheme were efficiently sized with 1 beds averaging 535 sqft and two beds averaging 752 sqft.

Development Pipeline

Local Pipeline

The new build market in Twickenham is relatively small with few schemes of scale coming forward in recent years. There are however a number of sites with and without planning permission that should be considered as part of the pipeline over the coming years. We detail the local pipeline below:

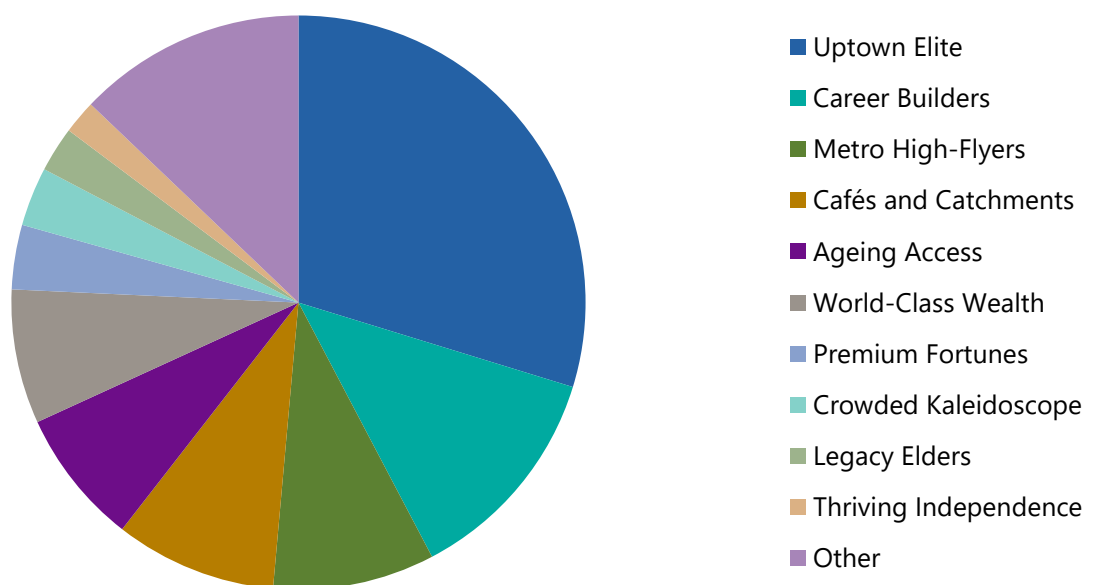
- Twickenham Railway Station – 115 private units, full planning consent.
- Richmond upon Thames College (Phase 2) – 153 private units, outline planning consent.
- 30 Rugby Road – 123 private units, application submitted.
- Regal House & The Rugby House – potential for c. 90 units, pre-planning site.

The above schemes are unlikely to act as a competition if marketed concurrently with the subject property.

2 Buyer Profile

Mosaic Data

We have undertaken a demographic analysis of households within a 1.0 mile radius of the site using Experian Mosaic data. The Mosaic data illustrates the demographics of an area by using Experian Credit data which details spending habits and collating this with a number of other data sets to categorise each household into one of 66 classifications. The results of this analysis can be seen below as well as the descriptions for the top 6 classifications.



Classification	Description	% of Total Households
Uptown Elite	High households owning elegant homes in accessible inner suburbs where they enjoy city life in comfort.	29.7%
Career Builders	Well-educated, motivated singles and couples earning respectable salaries, typically still renting and commute from upmarket city suburbs.	12.5%
Metro High-Flyers	Highly educated and ambitious 20 and 30-somethings renting expensive apartments with successful careers living in highly commutable suburbs of inner London.	9.1%
Cafes and Catchments	Affluent families who can afford to live in upmarket housing. They have good incomes and enjoy comfortable middle class lives.	9.1%
Ageing Access	Older residents owning small inner suburban properties with good access to local amenities.	7.6%
World Class Wealth	Global high flyers and families of prestige living luxurious lifestyles in London's most exclusive boroughs.	7.6%

Analysis

The four predominant classifications Uptown Elite, Career Builders, Metro High Flyers and Cafes and Catchments represent c. 60% of households in the surveyed area. Below we have examined each classification further.

- Uptown Elite – These households are typically wealthy couples without children working within high position, well-paid jobs with a median household income of £100,000 to £149,000. They predominately own terraced houses with purpose built flats representing c.14% of their housing.

This group of households illustrate the wealth profile located in the vicinity and given the lack of children could be persuaded to purchase a high quality, well designed apartment instead of a traditional house.

- Career Builders – Typically young professionals establishing themselves in accountancy/law/managerial roles and so with good incomes and prospects they typically rent attractive suburban property with good links into the city.

This group of households represents a base of potential first time purchasers as well as strong rental tenants for landlord's investing into a high quality scheme.

- Metro High-Flyers – Households falling under this classification predominately live in rented flats, the majority of which are purpose built as opposed to conversions. They tend to work in highly educated professions and have a median household income of £70,000 to £99,000.

Metro High-Flyers also represent both high quality tenants and potential first time buyers. Their income typically exceeds that of Career Builders and will allow them to afford a higher standard of property.

- Cafes and Catchments – Households of this category typically include professional married couples with school age children. They tend to live in affluent suburban locations and own three or four bed houses.

This category usually owns their own home and has a preference for family houses. They are therefore unlikely to contribute significant demand for the proposed development with the exception of those looking to downsize once their children have left school.

As such, we believe the local area offers a strong demographic, representing both potential purchasers as well as tenants for investors buying into the development.

Wider Market

Whilst the above analysis examines the local market within which the proposed development sits, it should be noted that when carrying out market research a number of agents identified the scheme could also attract purchasers from the wider south west London market. The agents explained that in recent years they have experienced an influx of buyers from more central south west locations such as Wandsworth and Balham looking to get more for their money in areas such as Twickenham. As such it is likely that the buyer profile from the wider market would be similar to the local market, containing a mix of potential investors, end users and downsizers.

3 Scheme Analysis

We understand the unit mix of the proposed development has largely been led by advice from the local authority's planning officers however it does not optimise sales values.

- In an ideal world we suggest reducing the number of one bedroom units within the scheme. Whilst it is important to offer a range of different unit types within the development the feedback from local agents and developers alike has been that a development in the subject location should have no more than 25% one bed flats (the scheme provides 46% one bed units).
- A number of units within the scheme are oversized and as such will not maximise their £ per sqft value.
- Given the demand for two bedroom units, their allocation within the scheme should be significantly increased. The proportion should be increased to a minimum of 50% (currently 48%) whilst endeavouring to achieve the optimum mix of 65%.
- Distance between Blocks A & B (6.8m) – The spacing between blocks is significantly comprised. We normally advocate minimum overlooking distances of c. 15m. Over-looking impacts privacy, light, space and fenestration detailing which as a corollary impacts value - we have been minded to this within our pricing.
- The river frontage is the most valuable aspect of the scheme and this component has not been optimised in the schemes design.

- In order to achieve maximum value, apartments in this location must be sold with allocated parking (not provided at an additional cost). Apartments without parking will fail to achieve premium pricing and are likely to experience slower rates of sale due to a reduced demand.