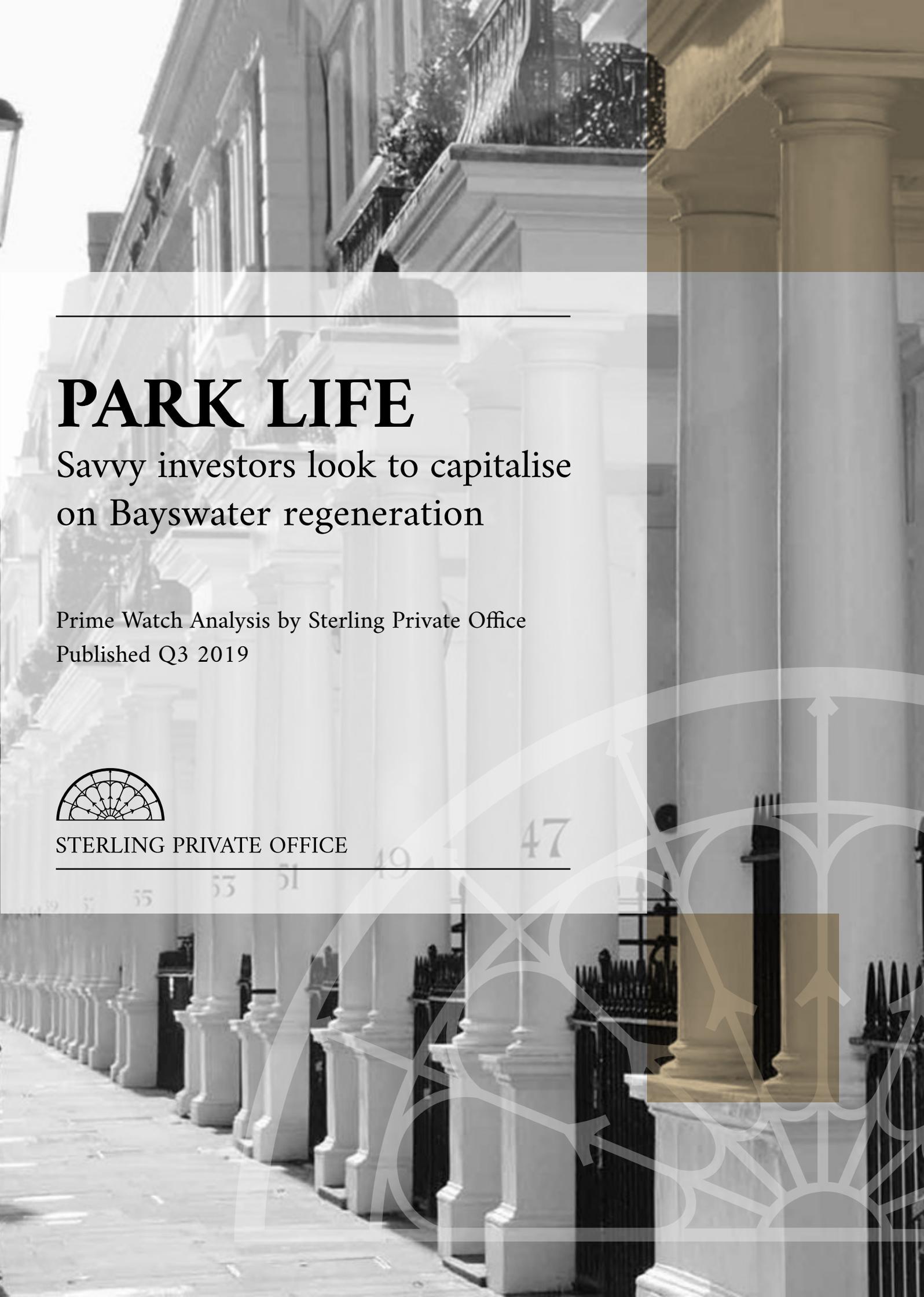

PARK LIFE

Savvy investors look to capitalise
on Bayswater regeneration

Prime Watch Analysis by Sterling Private Office
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STERLING PRIVATE OFFICE





The Prime Central London market is beginning to show signs of life, and we're seeing particular interest in the Bayswater area. The last undervalued area surrounding Hyde Park, Bayswater is undergoing massive redevelopment, piquing investor interest. However, while there are certainly good value acquisitions to be made, investors should tread lightly.

Prime Central London can't be neatly divided by post code into good areas and bad areas. In reality, it's best thought of as a collection of little villages, each with their own quirks and nuances. W2 is no exception. Choose the wrong side of the street or the wrong neighbours, and buyers may find the returns they'd anticipated fail to materialise. As with any investment, taking expert counsel from a truly impartial advisor is essential.

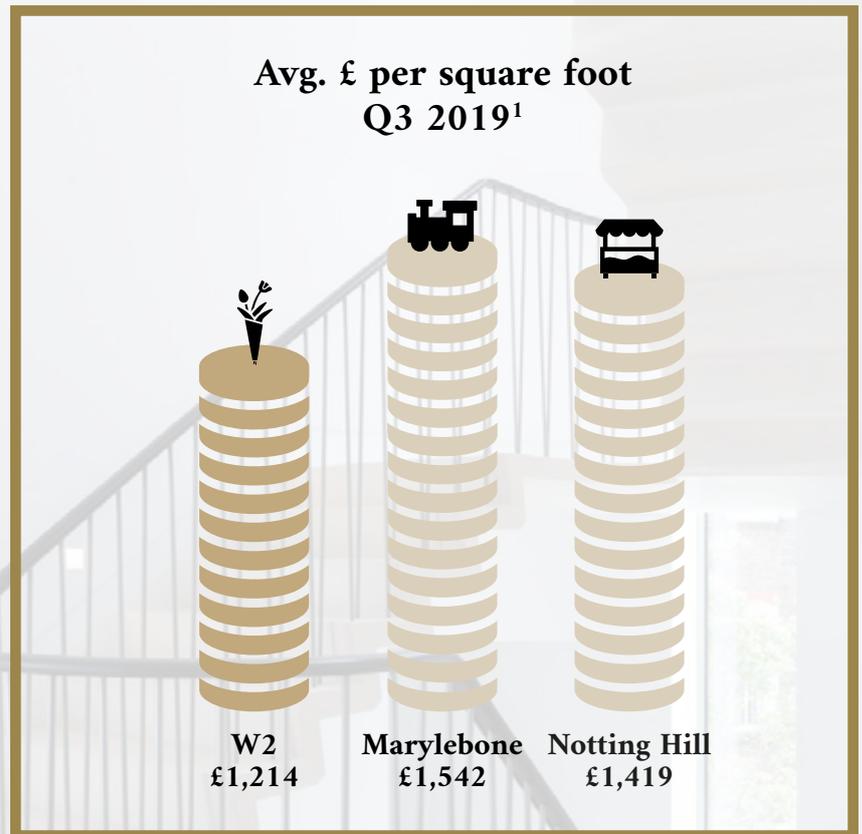




W2

HISTORICALLY *UNDERVALUED*

The area has a wealth of beautiful period properties and garden squares all within walking distance of excellent transport links. Even so, prices in the area have never achieved the heights seen in nearby Notting Hill and Marylebone – blighted by a lack of amenities, community feel, and the close proximity to Edgware Road (which the Portman Estate are now taking steps to improve).

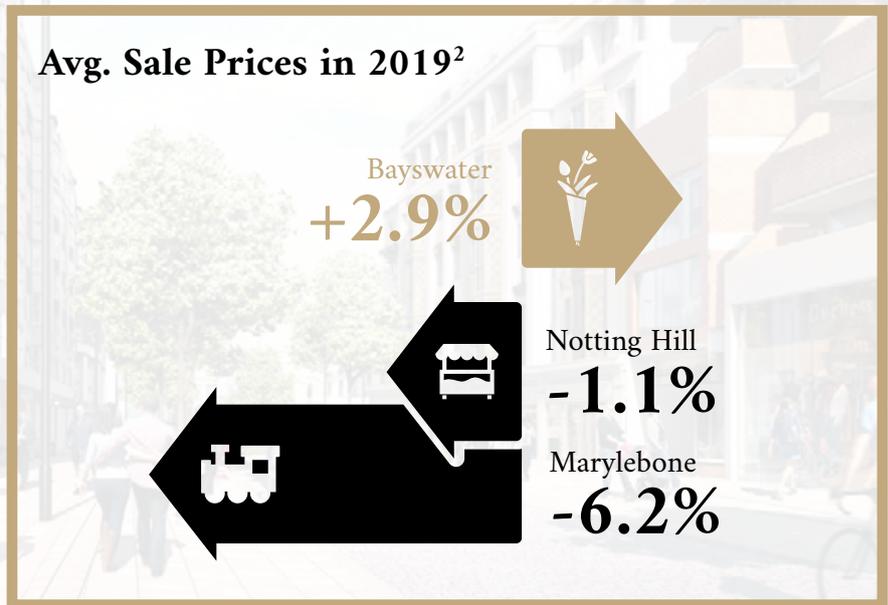




BUT INTEREST HAS GROWN STEADILY



In the Bayswater area, specifically the W2 end of Westbourne Grove and the immediate area surrounding Queensway, there are strong signs of a market on the up. The redevelopment of the Art Deco Queens Cinema along with the recent appearance of luxury flats, upmarket restaurants, and trendy fitness brands all point to the area's growing popularity with wealthy young urban professionals.





PRICES TIPPED TO SPIKE FURTHER WITH HIGH-PROFILE DEVELOPMENTS

With the Elizabeth line due to open at Paddington in the next couple of years, and a series of high-profile developments now well underway, we expect prices in the area to climb dramatically over the next 5-10 years.



**Park
Modern**

On the corner of Queensway and Bayswater Road, Fenton Whelan's £450m scheme, designed by PLP Architecture, will deliver 57 new super-prime residences (55 apartments and 2 mews houses) with prices starting at £2m and rising to £30m.

"The Park Modern development, which is south facing, overlooking Kensington Gardens, spearheads the transformation of Queensway. The development of 57 exceptional residences will also provide a transformation of the public realm along Bayswater road and into the park via a new crossing and new Park gates."

James Van Den Heule, Fenton Whelan

Perhaps the most interesting thing about the new Park Modern development is the breath-taking views it will offer residents. Sprawling southwards across the park, looking out on historic monuments like the Royal Albert Hall and Apsley House, the panorama from the new residences will be far superior to those of its Knightsbridge neighbour, One Hyde Park.



**Whiteleys
Shopping Centre**

And at the site of the historic Whiteleys Shopping Centre, a transformational mixed-use scheme by Foster + Partners will see the complete regeneration of the shopping centre and the northern end of Queensway – bringing with it a new five-star boutique hotel, luxury gym, top-end retail outlets, and 153 residential units.

"Our designs have always attracted the world's most discerning clientele and our Whiteleys regeneration will be no exception. It's our ambition to bring Bayswater in line with the most desirable London destinations."

Alex Michelin, Finchatton

The involvement of Finchatton – the leading super-prime developer responsible for Twenty Grosvenor Square, Mayfair – is indicative of the calibre Foster & Partners expect for Whiteleys. Our sources indicate that on completion, their new landmark scheme will fetch a price per square foot to rival even the most exclusive post codes in London.



**Queensway
Estate**

Just down the road from Whiteleys, at the Hyde Park end of Queensway, Bourne Capital are investing £40m in a bid to re-establish the area as one of the capital's top retail destinations. Plans include refurbishing London's largest ice-rink and bowling alley, big improvements to the local streetscape, 63 prime residential units, and upgrades to 30,000 square feet of office and co-working spaces.

"By carefully curating the right mix of retail, office, and leisure spaces alongside new homes, Queensway will be transformed into a thriving and engaging place for people to live, work, shop, and relax."

Ben Bourne, Bourne Capital

The plans by Bourne Capital have the potential to give the area the vibrant community feel it has historically been lacking, helping it close the gap with nearby Notting Hill and Marylebone.



STERLING ADVICE

Play the long game

Prices in the area are already picking up but regeneration is a work in progress – Whiteleys, for example, is a 5-year scheme. Investors will have to be patient. We've achieved market-beating returns for our clients all over the capital – from the Covent Garden Capco regeneration to East London's Silicon roundabout boom – always by playing the long game.

Try second-hand first

While it's harder to find, best-in-class second-hand stock is almost always the best investment. The limited supply helps protect your investment, and new-build stock can often be overpriced to begin with. Buy second-hand, buy best-in-class, and you're perfectly placed to benefit from the surrounding regeneration.

Look for rarity in new-builds

Buying new-build does have its advantages. But if you're not careful, you can easily find yourself in a saturated market with the value of your asset softening. The key is to find something unique. For example, we've recently acquired a beautiful new-build apartment in an historic Bayswater building containing just a handful of units.

Know where to look

Last year, 42% of our acquisitions were made off market. However, while this gets you first refusal, it usually means you're left with little room for manoeuvre on price. It's therefore essential you're confident in your valuation of the asset.

Look for untapped potential

Underdeveloped properties can offer excellent value. And there's plenty of potential in the area still. In 2018, after acquiring the loft space from the freeholder, we helped one client convert their 1-bed flat in St. Stephen's Gardens into a 3-bed flat with roof terrace, adding an additional £610,000 of value.



Walk the area

The right side of W2 has some beautiful period buildings, quiet streets, and pleasant communal gardens. It also has plenty of rundown council-owned buildings and streets lined with half empty hotels. Walk the area at different times of day and find out who your neighbours really are...

Do due diligence

There are all sorts of things that can catch you out: issues with the lease or planning, unforeseen disruption to nearby roads or rail services, poorly managed blocks, or even dead WiFi zones. That's why it's essential you, or someone who represents you, carries out proper due diligence.

Only pay what it's worth today

Particularly in areas primed for future growth, like Bayswater, vendors will attempt to factor future growth into today's price. Don't buy it. The price you pay is for its value today, not what it might be worth tomorrow.

Negotiate. Negotiate. Negotiate.

Always negotiate. By taking a firm, educated, and well-reasoned position, we've negotiated as much as 30% off individual properties, saving one client this year £3.6m off the initial guide price.



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