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Soaring house prices mean homeowners in the capital will do anything to stay on the ladder. **Nicola Venning** looks at the new London tribes

There is nothing like hedging your bets, particularly when it comes to a home in the capital. The rest of the country may, at last, be seeing a housing-market recovery – Savills estate agency is predicting 25.2% growth across the UK between now and 2018 – but savvy Londoners know that it still can't compare with recent growth in the metropolis. Figures from Nationwide building society show that, at £362,699, typical house values in London are 104% higher than the UK average. Indeed, certain parts of London, such as Hackney, have seen property prices rise 20% in

the past year alone, according to the Land Registry.

With increases like this, it is hard to let go. No wonder such rapid hikes in value are changing people's attitudes to their homes. Here are five of the new property tribes shaping London's housing market.

THE FEET-IN-TWO-CAMPS BRIGADE

This group loves the idea of countryside, space and good schools, but is afraid that moving lock, stock and barrel to pastures new would burn too many financial bridges. So, these thirtysomethings, who usually have young children, are renting out their two-bedroom Georgian or Victorian flats in locations such as Islington, north London, and using the income

to buy a home surrounded by hills and dales.

"Rental returns in Islington have reached such heights – £2,300 a month for a two-bedroom flat – that this will go towards the mortgage on a three- or four-bedroom home [in the countryside]," says Dan Saunders, branch manager of Kinleigh Folkard & Hayward in Islington. He estimates that about 70% of his clients who let their homes are looking to buy in counties within commuting distance of London, typically Hertfordshire or Kent. "In some cases, a country home is only 30 or 40 minutes away from the City," he says.

THE POKER PLAYERS

These homeowners have nerves of steel and play a cool game: despite being tempted

BAYSWATER, W2

Calling all mouse-holers: this two-bedroom apartment opposite Hyde Park is on the first floor of a period property and has high ceilings, wooden floors, an open-plan kitchen and a modern bathroom. The large reception room has a small balcony. **020 7221 1111, struttandparker.com**



ISLINGTON, N1

This two-bedroom flat is in a modern, canal-side development, near the centre of Islington. Particularly appealing to the feet-in-two-camps brigade, there is a large reception room, open-plan kitchen and two bathrooms, plus a small patio area. **020 7226 2487, kfh.co.uk**

by rural bliss and a move out of London, they are not cashing in their chips. And why would they? Their three-bedders in leafy enclaves such as Balham and Clapham have increased in value by 26.5% and 46% respectively over the past three years, according to Douglas & Gordon estate agency, and so they have decided to sit tight. "They are waiting because they think they can do better," says Ed Mead, executive director of Douglas & Gordon.

Three-bed terraces cost an average of £1.2m in these parts of southwest London, and Savills forecasts they will rise by 24.4% over the next five years. Would-be buyers, fed up with ever-rising prices and scrambling after too few homes, are now being pushed into more affordable areas such as Tooting and Streatham.

Others are "going large" – capitalising on current low interest rates and leapfrogging from a flat in Fulham or Clapham straight to a five-bedroom house. "It is pushing some people into situations they are not particularly comfortable with, but they are taking the plunge," Mead says.

THE MOUSE-HOLERS

Fifty-plus and affluent, these west Londoners, largely from Notting Hill, Bayswater and Holland Park, are bored empty-nesters. With the children gone, they are tired of rattling around their family homes and are amazed to find out just how much their houses are now worth – typically £5m, but sometimes even £10m. They fancy

moving to the country, but don't want to give up their nights at the opera or the National, nor, more to the point, any future house-price growth. So, before moving out, they buy a bolt hole first, "to limit the time they are out of the London market", says Alistair Heather, associate at Strutt & Parker's Notting Hill office. "One of my clients called it 'mouse-holing' – keeping a one-bed flat in London."

Capital values

■ While a home in London might make a lot of sense, life beyond the M25 is still tempting. The gap between the capital and the rest of the country has never been wider – though this is beginning to change as the overall UK housing market is seeing slow improvement. It might not have the head of steam that London is experiencing, but the capital won't enjoy its boom for ever.

■ Savills predicts that the mainstream UK housing market will see average price growth of 25% by the end of 2018 and a 17% increase within the next three years. For London, it expects growth of 24.4% over the next five years.

■ Rents in London have dipped: recent figures from LSL Property Services recorded a 0.4% fall in average rents between February and March.

■ London agents are slowly beginning to see more homes – mainly from the lettings side – come onto the market. Also, housebuilding is gradually increasing, which should help dampen price rises.

■ The wider UK market is finally beginning to move: figures from the housing portal Rightmove show a 3.4% increase in the number

£475
a week

£550
a week



Room to grow The Hartnett family enjoy their newly spacious home

Tribal beat



Peter Tary

The "mouse holes" tend to be in the £750,000-£1.5m bracket, in the same area as the family house, and are also often long-term investments for their children. This has contributed to a "distinct lack of supply", Heather says. "But it's been like that for the past three years."

THE WANNABE UPSIZERS

Bursting at the seams, the wannabe upsizers have outgrown their homes, but are unable to move up the housing ladder because of the high prices. "The difference in what it costs to trade up is bigger than it's ever been," says Matt Gilbert, manager of Hamptons International estate agency in Ealing. He estimates that to step up from a three-bedroom terrace to a four-bed house in Ealing costs at least £150,000, including buying fees.

Unsurprisingly, the solution for many has been to extend "anywhere they can", says Gilbert, who recently valued a two-bedroom flat in which

the owner was negotiating to buy the adjacent garage to demolish, rebuild and extend his home out the side.

When the PR executive Bill Hartnett and his wife, Liz, a teacher, needed more space, they added a loft conversion to their three-bed terrace in Ealing so their two young children, Jamie, 5, and Rosie, 4, and visiting guests would all have their own room. The extra bedroom and bathroom from Landmark Lofts cost £60,000, including all fittings. "Apart from the convenience and comfort, when you look at the cost of a four-bed house, the loft conversion made a lot of sense," Hartnett says.

WORLDWIDE WANDERERS

They may move to far-flung places, but home is still London for this group. Young families moving abroad for a few years are deciding to let rather than sell, as, that way, "they still have a foothold on the property market in London", says Caroline Basma,

senior lettings manager at Kinleigh Folkard & Hayward in Earlsfield, in the southwest of the capital. "It's peace of mind." Three- to four-bed terraces in the area let for approximately £2,950 a month. However, this trend is now having an impact locally, and rents in some areas are beginning to fall, as "there is a higher percentage than normal of family homes on the market to rent", Basma says.

One of them is the home of Emma de Ronde, a lawyer, and her husband, Will Gibson, a civil servant, both in their thirties. The couple, who have a three-month-old baby, are letting their four-bedroom terrace in Earlsfield before relocating to Hong Kong, potentially for up to five years (020 8739 2018, kfh.co.uk). They are so keen to stay in the London property market that they have also invested in a two-bedroom buy-to-let flat in the same area for £595,000. "We wanted to leverage up before we left," de Ronde says. "I am of the view that prices will just go up over the next few years."

CARTER JONAS

BAYSWATER - GUIDE PRICE £1,400,000



Hyde Park Place W2

- Reception room
- Bedroom
- Bathroom
- Views overlooking Hyde Park
- Leasehold
- Energy efficiency: Band D

Hyde Park & Bayswater 020 7402 1552
hydepark@carterjonas.co.uk

OXFORDSHIRE - GUIDE PRICE £1,950,000



Shenington

- A Grade II listed former rectory
- 4 reception rooms
- Kitchen/breakfast room
- 7 bedrooms
- 3 bathrooms
- Coach house and staff cottage
- Outbuildings
- Approximately 6.9 acres

London Country Department 020 7518 3200
londoncountry@carterjonas.co.uk

ESSEX - GUIDE PRICE £1,495,000



Saffron Walden

- A Grade I listed house dating back to 1497
- 5 reception rooms
- 7 bedrooms
- Separate 2 bedroom annexe
- Landscaped enclosed walled gardens

Cambridge 01223 368771
cambridge@carterjonas.co.uk

NORTH YORKSHIRE - GUIDE PRICE £1,295,000



Harrogate

- A superb double fronted period townhouse
- 3 reception rooms
- Kitchen/breakfast room
- 5 bedrooms
- 3 bathrooms
- Self-contained 2 bedroom apartment
- Courtyard garden
- Energy efficiency: Band D

Harrogate 01423 523423
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HAMPSHIRE - OFFERS IN EXCESS £900,000



Charter Alley

- An outstanding architecturally designed home
- Quiet location overlooking farmland
- Open-plan reception room/kitchen
- 5 bedrooms, 3 bathrooms
- Detached double garage with cloakroom and office suite above
- Energy efficiency: Band E

Basingstoke 01256 473388
basingstoke@carterjonas.co.uk

NORTHAMPTONSHIRE - GUIDE PRICE £745,000



Stowe Hill

- Versatile and contemporary living accommodation and truly individual home
- 4 reception rooms
- Master bedroom suite
- 3 further bedrooms
- Canal side gardens with additional garden land of approximately 0.5 acres
- Energy efficiency: Band F

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