

DEMAND DRIVERS AND COMPARISONS  
PRIME CENTRAL LONDON v PRIME SURREY ESTATES

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HANOVER  
— *private office* —

# Prime Central London v Prime Surrey Estates

## Summary

- Although much is written about prime property in central London, there are areas outside the capital that also have pockets of exclusive property. Two examples of this are Wentworth and St George's Hill.
- The housing markets in these prime pockets are driven by similar factors to Prime Central London with a strong level of foreign demand, a similar level of under occupied properties and average values significantly exceeding the market around them.
- The exclusivity of these areas is reflected in the proportion of transactions over £2 million being significantly higher than the average seen in both their immediate surroundings and nationally.
- Tight planning restrictions in Wentworth and St George's Hill ensure a limited supply of new build properties. However, analysis of the supply of larger units shows some variation in the two areas and has the potential to influence pricing.
- While there are similarities in terms of market performance in Prime Central London and prime pockets outside the capital, the difference in properties available for similar values still differs wildly.

When you take in the sweeping tree lined roads, the lush green of the fairways, the decadence and space available in the prime Surrey estates of Wentworth and St George's Hill, it's difficult to imagine similarities with properties in the heart of prime London. However, with the level of foreign interest there, and the fact that the properties in these two small pockets have considerably higher values than the areas around them, the two markets have more in common than first appearances would suggest.

## Exclusivity is key to prime Surrey market

The areas around both Wentworth and St George's Hill have long been regarded as enclaves of exclusivity, with residents welcoming the privacy afforded by such environments. Many UK celebrities have sought refuge behind strictly controlled residents associations. Indeed, far reaching powers ensure that those living within the estate impinge as little as possible upon one another.

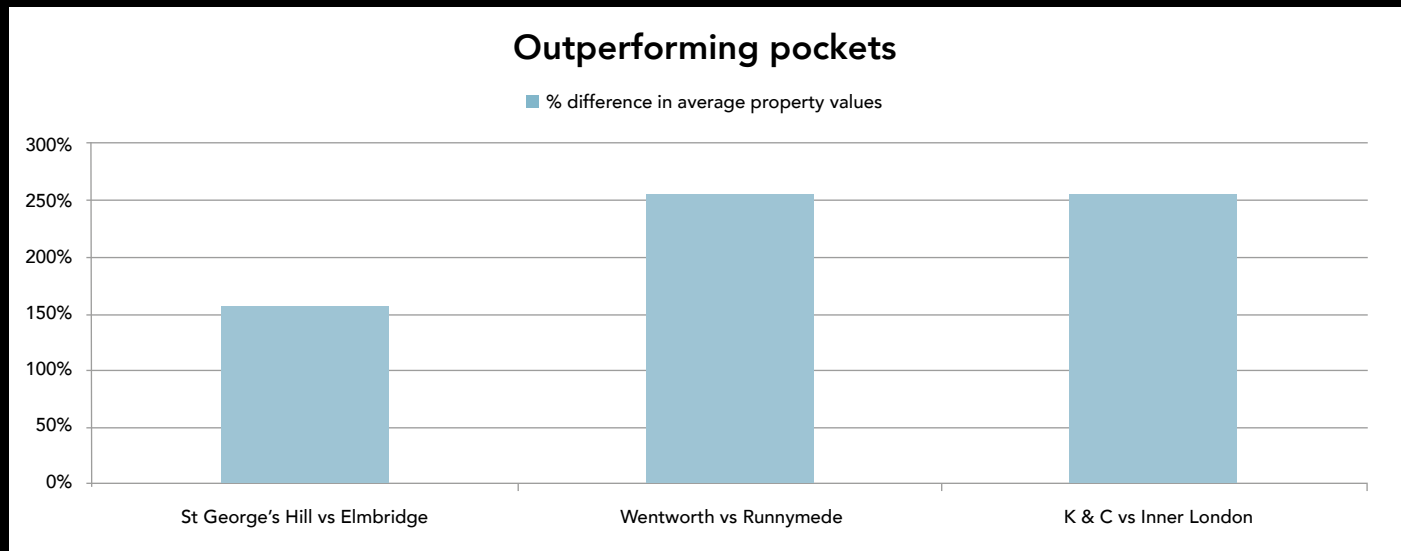
Regulations surrounding development within estates such as Wentworth and St George's Hill are strictly controlled. Generally new properties must replace existing dwellings, occupy no more than 20-25% of plot sizes and not be more than three storeys high. More recently substantial basements have become popular, a trend also popular in Prime Central London. The emergence of these "dig down" extensions is indicative of rising prices. It costs an estimated £400 per square foot to create such space, and £600 per square foot when the fit out is included. This means it only makes economic sense where sales values can exceed this figure.

The architectural origins of the estates' inception around 100 years ago are being diluted. There is now a wide variety of alternative architectural styles, ranging from neo-classical mansions with ionic columns to examples of the modern steel and glass seen in Huf Haus creations.

# Small pockets of exceptionally high valued properties

The average values in small pockets of exclusivity like Wentworth and St George's Hill comfortably outstrip those in their respective boroughs of Runnymede and Elmbridge in the same way prime properties in locations such as Kensington & Chelsea (K&C) command a considerable premium over their inner London (as defined by the ONS\*) counterparts.

\*Inner London defined by Office of National Statistics as City of London, City of Westminster, London Boroughs of Kensington & Chelsea, Hammersmith & Fulham, Southwark, Wandsworth, Islington, Lambeth, Tower Hamlets, Haringey and Newham.

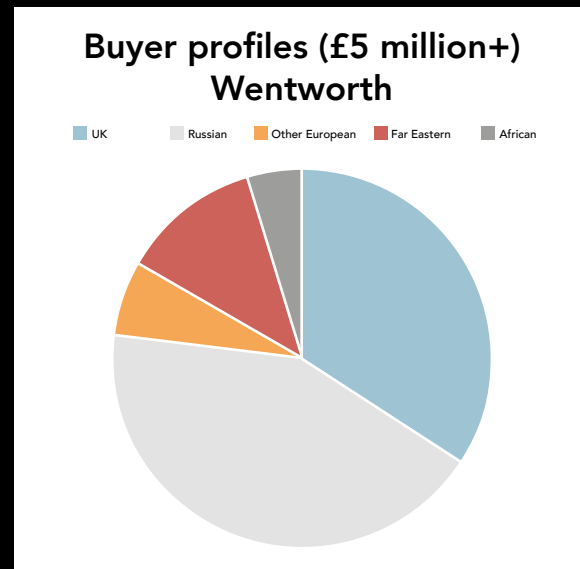
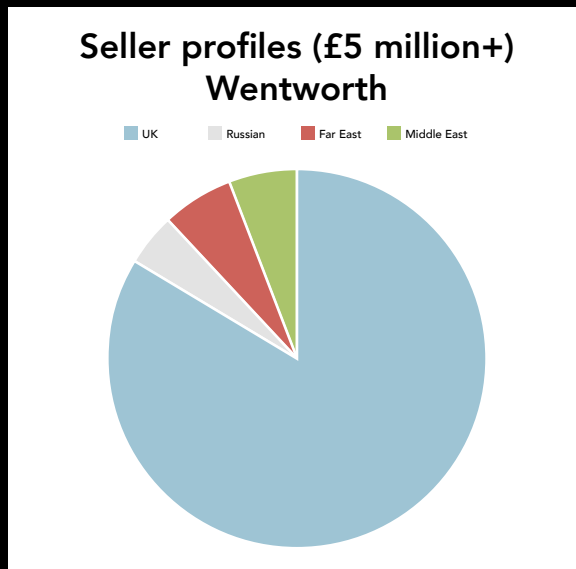


Source: Land Registry, 2013

As highlighted in the chart above, the average property in the postcode sector GU25 4 (the area around Wentworth) cost over 250% more than the average property across the whole of the Runnymede district. St George's Hill, represented by the KT13 0 postcode sector, commanded over 150% more than the Elmbridge district as a whole. This compares with the difference between properties in Kensington & Chelsea and their inner London counterparts of just over 250%.

## Two markets with much in common

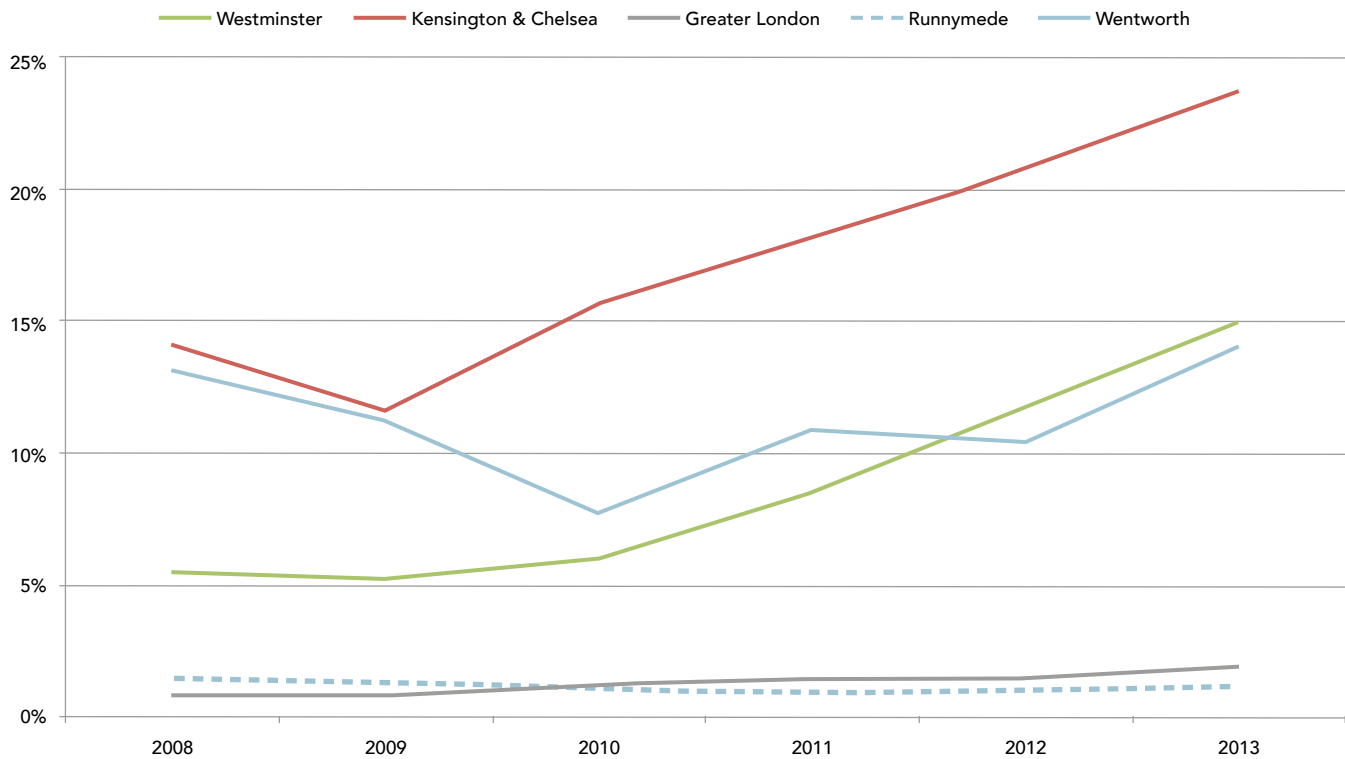
There are many similarities between the prime Surrey and Prime Central London (PCL) markets. Their international appeal means that they are driven by a set of factors shaped by the seemingly insatiable desire of the world's wealthy elite for exclusivity. Information relating to the capital values of units for sale at Wentworth reveals a considerable dominance of UK vendors, suggesting that in the past global interest in the area has been less prevalent. More recently the buyer profile is comparable to that seen in the new build PCL market, with a far more cosmopolitan composition.



Source: Hanover Private Office 2011-2014

As a result of this interest from foreign buyers, the markets operate in a way that appears to be disassociated from their surroundings. This can be examined by looking at the percentage of sales at £2 million and above. Wentworth, Kensington & Chelsea and Westminster have all seen increasing levels of £2 million+ sales, while there has been far less change across the Greater London and Runnymede areas. The recent increase in the percentage of sales over £2 million in the Wentworth estate partly reflects the demand from foreign buyers seeking an alternative to PCL.

## Proportion of sales over £2 million



Source: Land Registry

By 2013, nearly 24% of sales in Kensington & Chelsea were over £2 million, up from 21% a year earlier, while both Westminster and Wentworth stood at around 15% and 14% respectively. To put this into perspective, the London wide average is just under 2% and Runnymede runs at just over 1%. The average across England and Wales is just 0.3%.

The level of international interest is increasing, but there has been a global interest in the Wentworth estate for decades. A Middle Eastern Princess was living on the estate 50 years ago, and the 1970s saw Saudis arriving. UK buyers tend to buy properties as a principle residence, with international buyers opting to typically reside in their property for around a month every year. Many are also owned by non-domiciles, limiting stays to around three months. Properties owned by non-domiciles and international buyers are likely to be recorded in the census as having "no usual resident" (defined as vacant or second homes), or properties only occupied by visitors or short term residents on the night of the census.

Hanover Private Office now offers bespoke property management services to appeal to these short term occupiers, ensuring the properties are fully maintained throughout the year but with the capacity to upscale their level of service when owners choose to visit their homes.

## % of sales £2 million+ and % of households with no usual resident

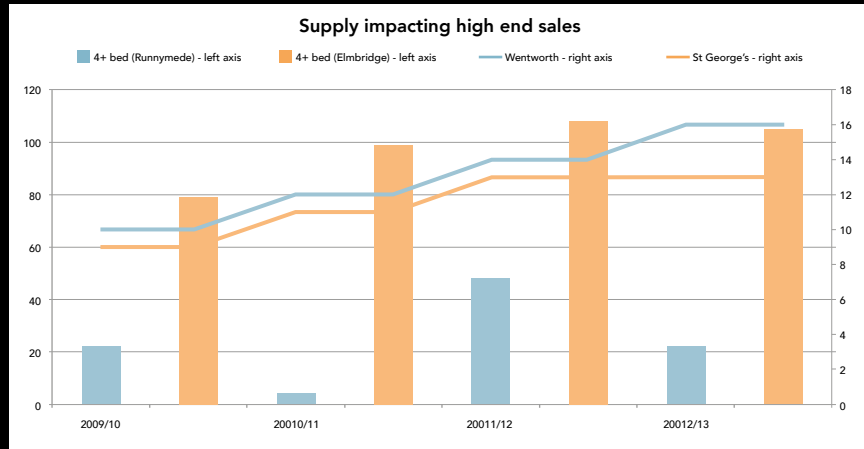


Source: Land Registry, 2011 Census

## New development in these exclusive areas

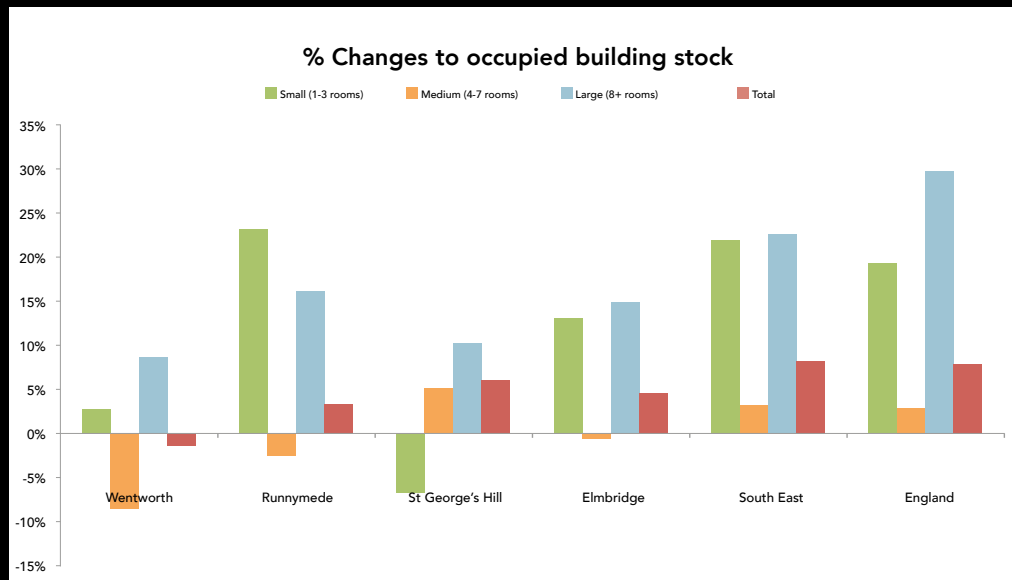
The planning restrictions within the boundaries of Wentworth and St George's Hill are far more onerous than elsewhere in their respective districts. Both Runnymede and Elmbridge have seen development in recent years in line with government guidelines supporting housing building. However, the composition of this development varies, and appears to be influencing pricing for the two estates.

Runnymede, the district in which Wentworth is situated, has seen far fewer larger homes being built. In contrast, the supply of 4+ bedroom units in Elmbridge, where St George's Hill is located, has been considerable. This additional supply may be behind the stagnation of deals over £2 million in the St George's Hill area, which levelled off in 2011/12 in contrast to Wentworth where the number of such deals has continued to rise.



*Source: Local Authority completion figures, Land Registry, Hanover Private Office*

These changes to the building stock appear to be part of a longer term trend. Comparing data from the last two censuses reveals the relative changes to different sized dwellings showing considerable differences. Development activity has been mainly focused on the extremities of the market, with mid-sized dwellings generally exhibiting the least change. The loss of mid-sized units in Wentworth is at least in part a result of redevelopment or extension of dwellings.



*Source: Census 2001 & 2011*

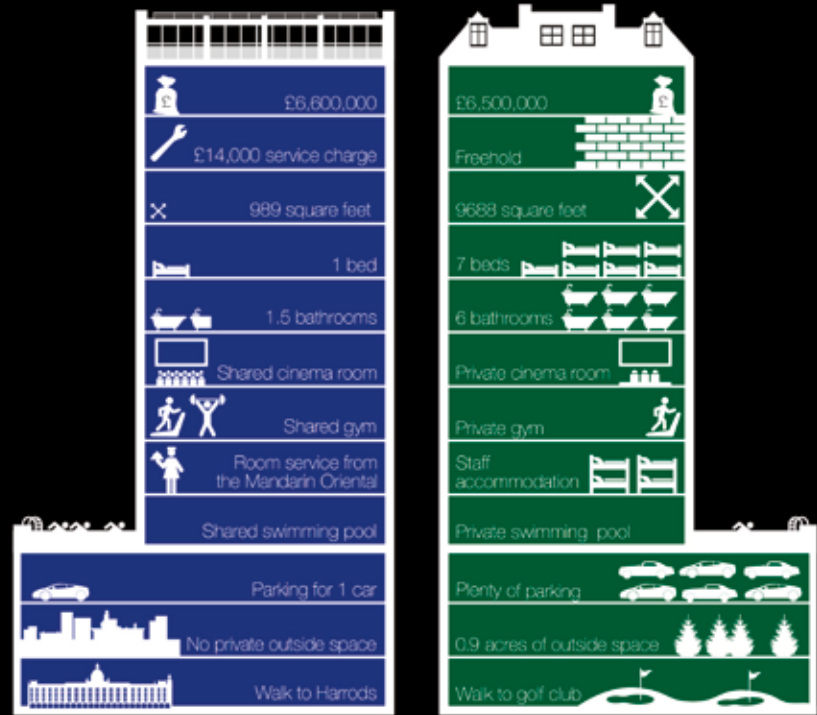
# Value for Money

While the performance of these small pockets of highly desirable homes appears to be performing in a comparable way to PCL, your money goes considerably further in Wentworth.

Two properties on the market at the moment, one in the Candy's One Hyde Park development and the other on the Wentworth estate have similar asking prices, but offer very different accommodation.

The only similarity between the two properties is the price. Despite the views and wonderful location that One Hyde Park offers, you get a lot more for your money at Wentworth. With 10 times the amount of floor space, seven bedrooms compared to one, a short walk to the world renowned Wentworth golf course, an acre of outside space and your own swimming pool, gym and cinema, it's easy to see why Wentworth properties like this have such an appeal for wealthy buyers.

**ONE HYDE PARK** vs. **WENTWORTH**  
*One bedroom flat* vs. *Seven bedroom mansion*



Source: Rightmove



One Hyde Park



Wentworth Clubhouse



## Wentworth – the best of both worlds

Wentworth lies between Windsor Great Park to the north and Chobham Common to the south, some of the most protected landscapes in the country. The fastest trains from nearby Virginia Water take around 50 minutes to central London, making it one of the most desirable locations for commuters.

International appeal is heightened by the accessibility of airports. Heathrow's Terminal 5 is just 9 miles away by car, with Fairoaks (6 miles), Northolt (21 miles) and Farnborough (16 miles) offering convenience for those using private aircraft. The area is well placed for travel across the UK, with the M3, M4 and M25 offering access to the wider motorway network. Naturally the huge draw of being on the doorstep of London (23 miles) – the leading global financial centre and one of the world's most multi-cultural societies is unquestioned. Central London and all of its amenities and night life are there to be enjoyed – travel times can take as little as 40 minutes by car.

As might be imagined for such an appealing location there is a plethora of leisure options available. Wentworth offers one of the most prestigious global golf clubs, being the venue for the flagship event of the PGA European Tour. Three 18 hole courses are available, along with tennis and spa facilities. Wentworth has twice played host to the Ryder Cup.

Those favouring equine activities are also well served, with both Royal Ascot (the most famous race meeting in the world) and Windsor offering racing events throughout the year. Windsor Park is also home to Guards Polo Club, the largest club in Europe and home to Audi's International Polo day, a globally renowned event where the Coronation Cup is contested. For those who prefer more than one horsepower, the nearby Brooklands motor museum offers events throughout the year for owners and fans of various forms of automotive and aeronautical transport.

Some of the most celebrated Michelin starred restaurants in England are within a 30 minute drive of the estate. The Waterside Inn, under the guidance of Alain Roux, has held three stars for longer than any other British restaurant. The Fat Duck, under Heston Blumenthal, also has three stars, and has held a position in the world's 50 best restaurants for the last 11 years. The Latmyer at Pennyhill Park Hotel is another local venue of note. It has achieved two Michelin stars and 5 AA rosettes and lies just 15 minutes away by car. Cowarth Park, owned and operated by the Dorchester Collection is within two miles of Wentworth.

The area is home to a number of globally recognised educational establishments. Most notable is Eton College, where no fewer than 19 of Britain's Prime Ministers have been educated. More locally, ACS Egham International School is one of just three in the country to offer the International Baccalaureate Primary Years, Middle Years and Diploma Programmes for children from two to eighteen years old.



Wentworth Golf Course

HANOVER  
— *private office* —

8 Broadstone Place • London • W1U 7EP  
T +44 (0) 207 935 5797 F +44 (0) 207 935 0975  
E [info@hanoverprivateoffice.com](mailto:info@hanoverprivateoffice.com)  
[www.hanoverprivateoffice.com](http://www.hanoverprivateoffice.com)