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Property Bulletin

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London's commuter hotspots have been revealed

Investors looking to capitalise on the slowdown in prices across the South East may benefit from new research.

PLUS:

- New ONS data shows London's lowest cost boroughs to buy property
- Wealthy foreign buyers are still flocking to buy property in the UK

Welcome to the latest Grunberg & Co Property Bulletin, our publication to keep you up-to-date with news from the property sector and the accounting and financial services that our firm can offer you and your clients.

In this edition, we will look at the lowest cost boroughs in London to purchase property, the capital's commuter hotspots and we will explore why wealthy foreign buyers continue to be drawn to the UK property sector.

If you would like to find out more about Grunberg & Co's tax and accountancy services for you and your clients, please get in touch with us by calling **+44(0) 20 8458 0083** or emailing **alexk@grunberg.co.uk**

New ONS data shows London's lowest cost boroughs to buy property

The latest data from the Office for National Statistics (ONS) has revealed the areas of London where it is cheapest to buy a property.

In the last year the average house price in London dropped 1.7 per cent to £474,000, which is why the ONS has produced a list of the ten London boroughs where house prices are lowest and the relative change in house value in these areas.

Below is a top ten list of locations drawn up using this new data:

1. Barking and Dagenham

Average price: £300,518
Annual price change: 2.4 per cent

Property in Barking and Dagenham is a third cheaper on average than in the rest of the capital. However, it is one of the few areas to see positive house growth this year, which is in part due to ongoing local regeneration.

2. Bexley

Average price: £341,784
Annual price change: 1.8 per cent

This south-east borough looks set to benefit from Crossrail once the project is complete, which continues to push up house prices.

3. Newham

Average price: £365,182
Annual price change: -0.8 per cent

The area continues to enjoy a legacy as being one of the Olympic boroughs, which brought investment to the area and the borough will benefit from five Crossrail stations.

4. Croydon

Average price: £365,931
Annual price change: -2.6 per cent

Croydon is the sixth most popular location for Help to Buy sales in London and is popular amongst younger buyers.

5. Havering

Average price: £375,014
Annual price change: 2.1 per cent

Located on the border of Essex, Havering is soon to benefit from being on the Elizabeth line and has plans for thousands of new homes, whilst the main town Romford looks set to benefit from £35 million of investment around the riverside.

6. Sutton

Average price: £382,607
Annual price change: 0.3 per cent

This south-London borough is driving home the eco message and is building homes with full eco credentials. It currently has the best life satisfaction in London, according to a recent study.

7. Hounslow

Average price: £395,734
Annual price change: -0.4 per cent

Hounslow is the cheapest place to buy a home in west London. It is due to undergo a major regeneration programme worth £410 million.

8. Enfield

Average price: £396,908
Annual price change: -0.5 per cent

Enfield is a transport hub with three train stations and three Tube stations, plus close proximity to the M25. It is one of the recently designated "Housing Zones", which will encourage growth of new housing and transport upgrades.

9. Hillingdon

Average price: £399,639
Annual price change: -4.5 per cent

This borough has seen a significant drop in house prices, but is the fourth best area for Help to Buy sales in London. It will benefit from two Crossrail stops.

10. Greenwich

Average price: £411,492
Annual price change: 2.9 per cent

Those looking to live slightly more centrally will find this borough the most affordable. It has recently seen 5,000 new homes built, as well as shops, restaurants and businesses at the Royal Arsenal development.

As well as being popular locations for new buyers, these areas are also likely to offer better returns for investors who are looking to snap up lower cost properties in up and coming areas.

Many of these have a growing young working population who are as keen to rent as to buy. With experts predicting a decline in house prices in London during the next year, some of these areas seem to be weathering the storm better than other, more affluent boroughs.

If you are looking to invest in a property in London then why not speak to a team of accountants who understand the local buy-to-let marketplace

London's commuter hotspots have been revealed

Investors looking to capitalise on the slowdown in prices across the South East may benefit from new research, which shows that Luton continues to be the hottest spot for London Commuters.

As travellers across the UK bemoan the recent 3.1 per cent increase in rail fares, a new study by a national estate agency has shown that the Bedfordshire town takes top spot for those looking to commute into the capital.

With an average property price of £253,988, Luton sits within the defined area for an annual train ticket to London using a Zone 1-6 travel card, making it an attractive proposition for property investors.

It was followed by Cheshunt in Hertfordshire, and Slough in Berkshire, both of which enjoy an easily commutable journey into London.

Thanks to its popularity as a commuter town, Luton is currently undergoing somewhat of a revival with significant regeneration following £1.5 billion worth of inward investment under the Luton Investment Framework.

This will deliver upgrades to the city centre, as well as new homes, shops and restaurants over the next 20 years.

Commuters in this town can enjoy a 27-minute commute into London on a good day, while local property prices have risen by 22 per cent since 2015 according to Rightmove.

Nick Leeming, Chairman at estate agent Jackson-Stops, said: "Although rail fares have not increased as much as they did at the start of 2018, commuters across the country are still unlikely to be impressed with the 3.1 per cent price hike."

"Those looking to move this year will be carefully considering a raft of factors, from the impact of Brexit to the average house price of (an) area – but for those commuters amongst us the time, cost and reliability associated with travelling into London by train will be key concern."

As with the purchase of a buy-to-let property, speaking with a tax advisor in advance of a sale could help to reduce any liabilities on your portfolio. For more information on property tax planning, please speak to our team.

Wealthy foreign buyers are still flocking to buy property in the UK

The uncertainty of Brexit has certainly caused concern for a lot of individuals and businesses in the UK, but the fall in the price of sterling has seen the sale of houses worth over £10 million triple in recent years.

Taking full advantage of the ripple effect that Brexit has had, some 300 homes sold for more than £10m each in the tax year to April 2017 (the latest for which figures are available).

This is three times as many as the previous year, according to the figures released by HM Revenue & Customs via a freedom of information request.

It is not surprising considering the value of the pound has fallen by 13 per cent against the dollar since the June 2016 referendum, turning the UK in to a prime candidate for overseas investors.

This sudden rise in house sales in this category is in contrast to average house purchases which tailed off towards the end of 2018, as fewer houses sold and price growth across began to stagnate – particularly in London.

Some have said the rise is unexpected considering the three per cent surcharge in stamp duty land tax (SDLT) on second homes, but given the fall in the value of the pound outpacing this tax it is understandable.

SDLT on properties selling for more than £1.5 million is currently 12 per cent, rising to 15 per cent for second home purchases, which is why in the 2016-2017 tax year it helped to raise £7.3 billion in revenue – nearly half (£3.4 billion) collected from sales in London.

Supporting this is the fact that the Treasury raised £4.1 billion in stamp duty on second-home sales in the 2017-18 tax year, a fifth more than the previous year's figure thanks to the new surcharge.

However, Henry Pryor, a luxury property buying agent, has described the ultra-prime residential market as "more fragile" as Brexit creates uncertainty amongst foreign investors.

"Best in class still sells, but through 2018 the top end of the market would have made a thrilling David Attenborough film with predators waiting for the weakest to stumble before they pounced," Pryor said.

"Demand for the best homes remains and the ability of the richest to pay for the best homes still exists, but my experience is that wealthy people are usually rich because they are careful with their money not despite it – and they want to be confident that they are not overpaying."

The rules relating to property in the UK can be complex and are ever changing. To make sure you are managing your liabilities, please contact our specialist property tax team.

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