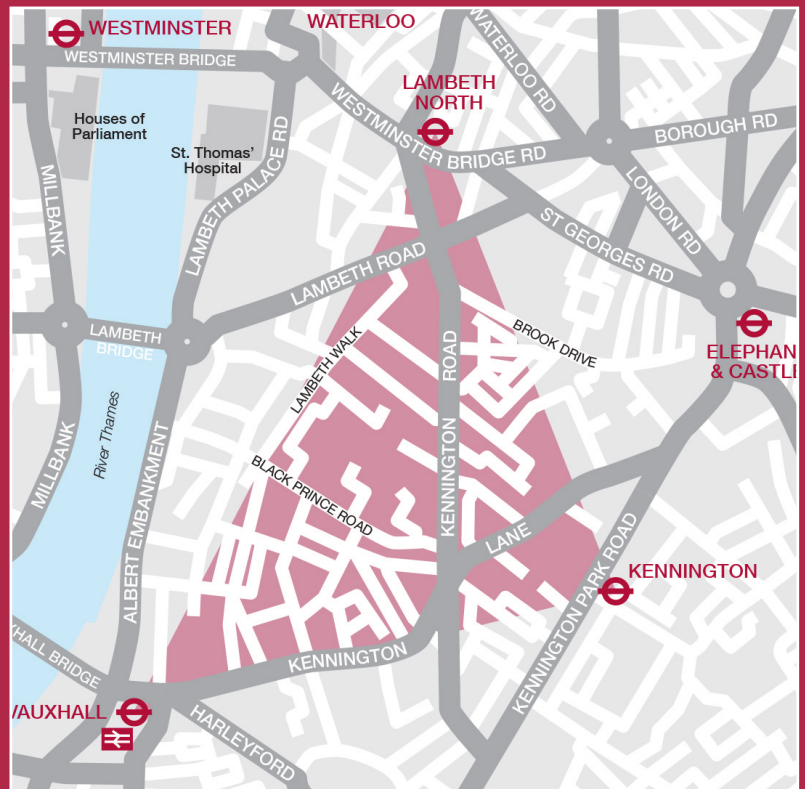


The Kennington Triangle

The 'Kennington Triangle' is an area of exciting property investment potential. It is seeing an influx of buyers attracted by its central location and value for money. Located between Lambeth North, Vauxhall and Kennington tube stations, it is perfectly situated less than a mile from Southbank, the Houses of Parliament and Westminster Abbey.



The past 18 months have been a particularly busy time for our Kennington office. Demand for homes and a relative lack of new supply is fuelling significant price growth. In the last 12 months, the average prices of flats sold in the Kennington Triangle has increased by 14.4%.

Market overview – the Kennington Triangle

While economic and housing market fundamentals are showing consistent signs of improvement, delving deeper into different micro markets within London increasingly highlights some fascinating stories. The ‘Kennington Triangle’ is certainly one of the more interesting ones.

Increased levels of demand for homes and a relative lack of new supply are fuelling significant price growth, and in the last 12 months the average prices of flats sold in the Kennington Triangle has increased by 14.4%, according to the Land Registry. Average values across London as a whole have increased by 9.3% in the year to September 2013.

There is a wide range of housing stock within the Kennington Triangle, from Georgian streets to stunning new developments like Baylis Old School (see page 4) and large scale developments currently under construction in neighbouring Nine Elms and Elephant & Castle.

The average value of flats in the Kennington Triangle has increased by 84% over the past decade. In 2003, the average flat sold for just over £200,000; in 2013 the average was almost £369,000. Houses have seen similar increases. A Georgian 1,500 square

foot house on Cleaver Square achieved £698,500 ten years ago. A decade on, a similarly sized property sold on the same square in 2013 achieved £1.35 million, a staggering increase of 93%.

The entry point for buyers in the Kennington Triangle is significantly lower than north of the Thames. One bedroom flats are available from £250,000, with low rise ex local authority properties proving popular with both first time buyers and investors, who enjoy more favourable yields than in pricier postcodes in central London. Houses typically start at £750,000, with the most sought after Georgian properties selling for between £850,000 and £1.5 million, the price of a two bedroom flat in Westminster.

Who lives, works and buys in the Kennington Triangle?

Compared with neighbouring postcodes, the Kennington Triangle has a higher proportion of UK born residents (61%) and 40% of residents are aged between 25 and 44, with those moving into the area as tenants often choosing to purchase their first, second and even third homes there as well.

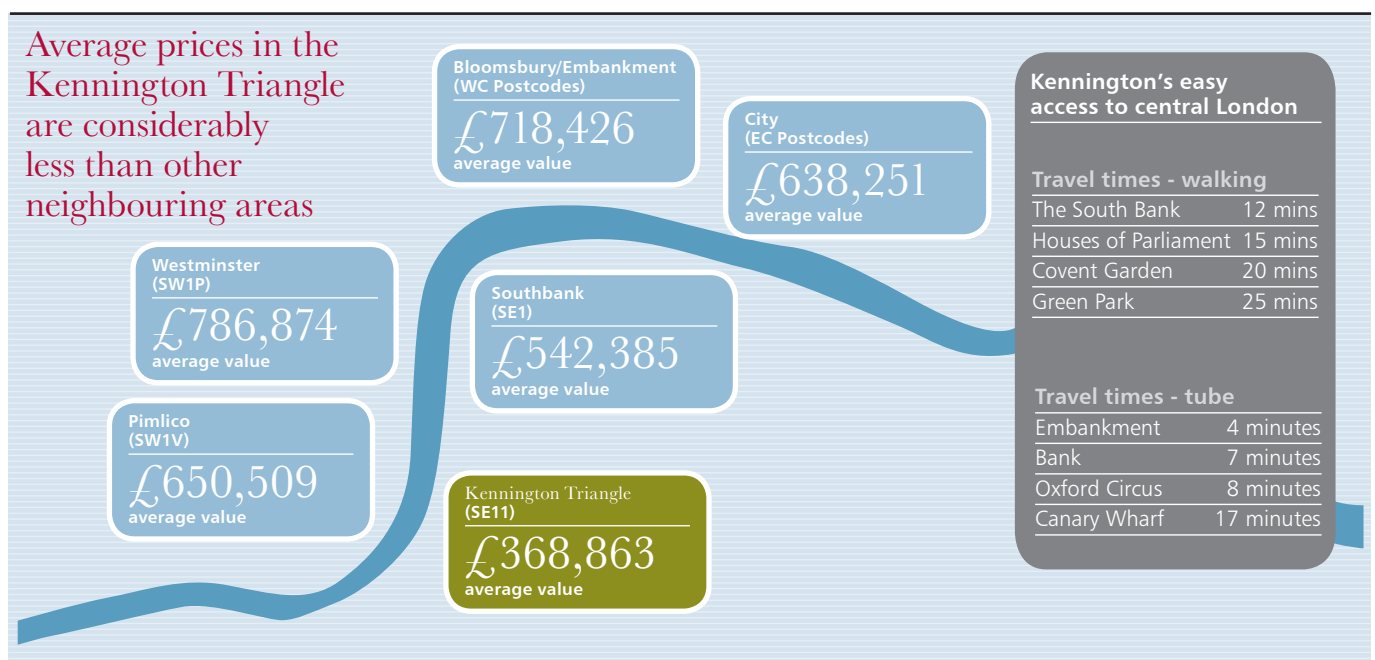
Professionals and those in senior managerial positions account for 38% of working residents, higher than the Greater London average (2011 Census). The Kennington

Triangle itself has a strong local employment market. According to the latest 2011 census, the resident population of SE11 totals almost 22,000, yet the working day population was 27,000 (24% higher). This contrasts with commuter areas further south in Battersea and Clapham, where the working day population was significantly lower.

Connectivity – easy access to central London

Residents of the Kennington Triangle are spoilt for choice, with five tube stations within walking distance, providing access to the Northern, Victoria and Bakerloo lines, as well as overground services. Those working in the West End and the City will typically spend less than eight minutes on the underground. The significant redevelopment taking place at Nine Elms and Battersea Power Station will also bring a proposed extension of the Northern line, with new stations at Nine Elms and Battersea proposed by 2020.

Residents have a short walk or cycle to some of London’s top attractions and they even benefit from a 90% reduction on the congestion charge. There’s plenty to do locally too, including bars and restaurants, Kennington Park, theatres, the Oval Cricket Ground, Lambeth Palace and the Imperial War Museum.



Huge growth in new build market around the Kennington Triangle

The Mayor's Office has identified 33 opportunity areas across London, three of which surround the Kennington Triangle. As well as plans for development around Waterloo Station to the North, areas to the East and West of Kennington are seeing significant investment, with new commercial and residential districts under construction or starting shortly. There are currently over 20,000 private units under construction or in the planning pipeline in SE1 and SW8 alone.

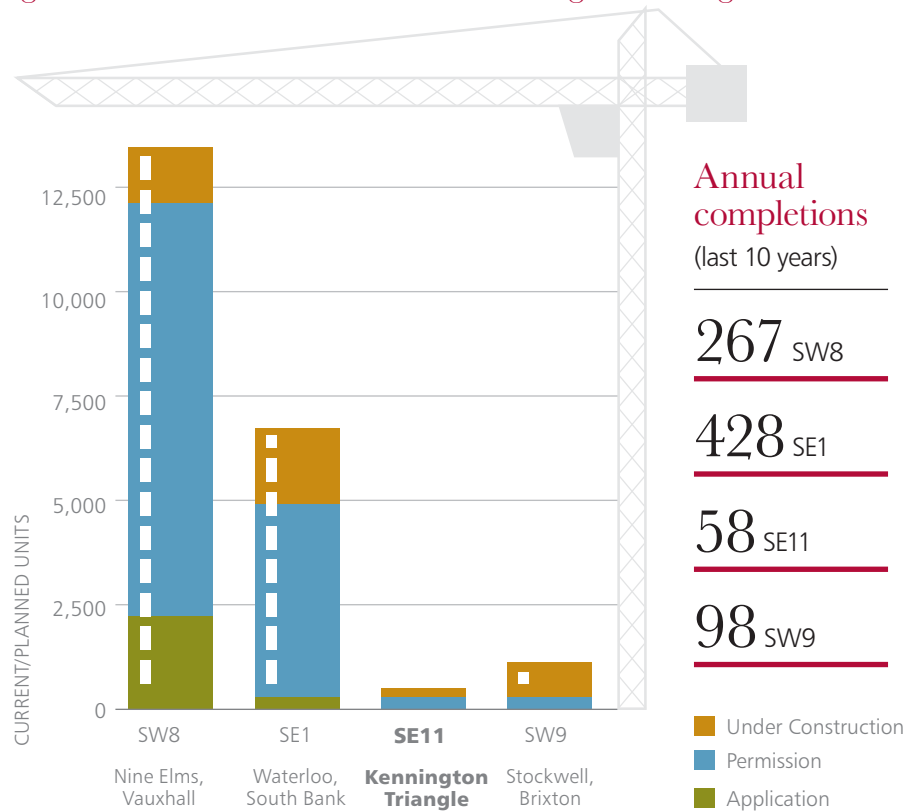
To the East of the Kennington Triangle, the redevelopment of vast swathes of former council housing at Elephant & Castle is well underway, with many apartments now sold and occupied. Once complete, there will be over 5,000 new homes, a new public park and leisure facilities. Plans also include the creation of over 6,000 new jobs within the area.

To the West, the riverside stretching from Battersea to Vauxhall is being transformed to provide a new diplomatic quarter (including the relocated US Embassy building) as well as new homes, commercial space and infrastructure. Redevelopment plans include the provision for 12,000 new homes, new public parks, shops and leisure facilities, as well as 25,000 new jobs.

Interest in these new developments, both from home and abroad has been unprecedented, with 600 off plan sales at Battersea Power Station within four days of the launch. New homes sold in Nine Elms so far this year have averaged £832 per square foot (Dataloft/EGi).

The Kennington Triangle itself has seen little new development over the past decade. Since 2003 there has been an average of just 50 private homes built per annum, with a further 585 private units currently under construction or in the planning pipeline. New homes which are currently

Explosion in development activity in neighbouring areas alongside high demand for new build in the Kennington Triangle



The above chart shows the number of units either under construction, seeking permission or in the application process compared to the total number of completions over the last 10 years.

Source: Dataloft/EGi

being sold in the Kennington Triangle are significantly undercutting prices in the riverside developments at Nine Elms. In 2013, new homes in the Kennington Triangle achieved an average of £567 per square foot, 47% less than the Nine Elms average. The largest scheme currently marketing properties for sale is Baylis Old School, details of which are shown overleaf.

Outlook

The Centre for Economic and Business Research (CEBR) has forecast that by 2018, London house prices will have increased by 43.5%. The Bank of England has upgraded its forecasts for the UK

economy, now predicting growth of 1.6% in 2013 and a further 2.8% in 2014. The London economy, which has consistently outperformed growth nationally in recent years, is forecast to see growth of 1.8% in 2013 and between 2.7% and 2.8% per annum in 2014/15.

All of these factors, combined with the unique combination of a central location and value for money, means that the future looks bright for the Kennington Triangle property market.

84%

Increase in average values of flats in last 10 years in the Kennington Triangle

Source: Land Registry



The average amount of living space £500,000 will get you

Source: Dataloft/Lonres

24%

Increase in working day population in the Kennington Triangle

Source: 2011 Census

Baylis Old School

Lollard Street, SE11 | Prices from £399,950

An exclusive development of one, two, three and four bedroom homes in the heart of Kennington



Set within a 3.2 acre site housed within a Grade II listed former school conversion, Baylis Old School is an exclusive collection of 89 beautiful new homes.

Brought to you by Henley Homes and designed by Conran and Partners, properties range in size from between one and four bedrooms, with many offering some form of outside space, while extensive themed landscaping will create lush green gardens providing residents with an array of private courtyards and generous external amenity spaces. Each of the homes is perfectly finished and features higher than average ceilings, clever space planning and expansive windows which flood the interiors with light.



John East, Land and New Homes Director, comments: "Baylis Old School is a key site for SE11. Fuelled by a lack of stock and high levels of demand, prices in the Borough of Lambeth have risen by more than 13% annually and with prices set to rise further, it's a popular area for investment. In addition, the nearby regeneration and development of Nine Elms is having a ripple effect on the area and increasing its desirability. The scheme is ideally placed within a perfect triangle which offers access to Vauxhall, Kennington and Lambeth North Stations while Lambeth Bridge, which offers quick access to Westminster and Victoria is a stone's throw away. Young professionals and investors are going to find this scheme, with its assortment of apartment sizes on offer, extremely appealing with prices considerably less than those being quoted at nearby developments."

If you would like to find out more, please contact

Tony O'Neill

Land and New Homes Sales Manager
020 7740 2640
newhomses@kfh.co.uk



For more information about Land and New Homes in London, please contact:

John East

Land and New Homes Director
020 8222 7200
jeast@kfh.co.uk

For press enquiries, please contact the press office:

Kaylene Smith

PR Manager
020 8739 2018
press.office@kfh.co.uk

Kinleigh Folkard & Hayward

kfh.co.uk

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