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London Richmond Update

Issue 22 | 1 November 2024



London Richmond is a real estate investment group focusing on the purchase and development of residential property in London. Our directors have been successfully investing in the London residential market since 1998, transforming properties into luxury homes and generating substantial profits.

In this update, we're bringing you details of 3 new properties we have purchased in October 2024. We have bought a 7-bedroom period property on the prestigious Montserrat Road in Putney, a 6-bedroom house in Hammersmith and a 5-bedroom house in the bustling West Hampstead. The combined purchase price of these 3 properties is £3.95m and after completing renovations of £1.40m the combined property values will be £8.00m. Not bad for a month's work, with a combined gross profit from these investments of £2.65m.

Check out our 'Spotlight on... Putney' for more information about this local neighbourhood, an area which has long been a favourite with affluent families seeking proximity to excellent schools and beautiful green spaces.

In this update, we're bringing you details of 3 new property purchases during October 2024

We're also offering our analysis of the UK property market, which continues to do very well and rise in line with our forecasts. There is also positive news on inflation which has now dropped below the Bank of England's 2% target, giving both mortgage lenders and buyers a boost of confidence and putting upward pressure on house prices.

If you'd like to learn more about our company and the investment opportunities we have available to our clients, please don't hesitate to get in touch on +44 (0) 207 183 2150 or info@londonrichmond.co.uk. If you would like to discuss any of our opportunities in person, we'd be pleased to welcome you in London.



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Acquisitions During October 2024

We have purchased 3 properties in October 2024 which will generate us a combined profit of £2.65m. These properties were purchased for between 26% and 29% below the current market value.



MONTSERRAT ROAD, PUTNEY

Purchase Price: £1.35m
Market Value at point of purchase: £1.9m
Discount: 29%
Construction Works: £500,000
Completed Value: £2.75m

Gross Profit: £900,000



SULGRAVE ROAD, HAMMERSMITH

Purchase Price: £1.3m
Market Value at point of purchase: £1.8m
Discount: 28%
Construction Works: £500,000
Completed Value: £2.75m

Gross Profit: £950,000



ACHILLES ROAD, WEST HAMPSTEAD

Purchase Price: £1.3m
Market Value at point of purchase: £1.75m
Discount: 26%
Construction Works: £400,000
Completed Value: £2.5m

Gross Profit: £800,000



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UK Interest Rate to Fall to 2.75%

The latest inflation figures from September showed a surprise drop to 1.7% – the first time since April 2021 that inflation has dipped below the Bank of England’s target of 2%. This data very much paves the way for earlier and more aggressive base rate cuts. Goldman Sachs is now predicting that the UK base rate will fall to 2.75% by Autumn 2025 following nine consecutive 0.25% rate cuts.

“Our findings suggest that Bank rate remains notably restrictive and – together with rapidly falling inflation and dovish MPC commentary – reinforces our view that the Bank of England will ultimately lower rates more than priced,” the investment bank said in a research note.

Two-year mortgages are now available from 3.84% while the cheapest five-year mortgage is 3.68%

The sooner the base rate comes down from its current level of 5%, the better for UK house prices. Analysts have observed that a base rate reduction of 1.5% to 3.5% could allow some mortgage borrowers to borrow up to 18% more, as stress testing affordability checks would then be relaxed. Lower rates would also boost the buy-to-let market, with the combination of record high rents with lower borrowing costs increasing profit margins for landlords.

Already there are many more affordable mortgage products available across the market, particularly for well-capitalised borrowers. Mark Harris of mortgage broker SPF Private Clients said: “Lenders continue to reduce their mortgage rates, which is encouraging buyers to make their move. Two-year fixes are now available from 3.84% while the cheapest five-year fix is pegged at 3.68%, which will prove to be more palatable for borrowers.”



UK Property Sales Return to Peak Pandemic Levels

The September data from online portal Zoopla showed that UK property sales volumes were at their highest level since pandemic restrictions were lifted in 2020. The number of ‘sales agreed’ was 30% higher than a year ago, with first-time buyers representing 36% of all sales, making them the largest buyer group in 2024 so far.

Zoopla said that 2024 was turning into a “bumper year” for housing sales – competition between lenders has seen average mortgage rates reach their lowest level in two years, while rising incomes have helped usher property transactions over the finish line. Experts have observed that once again the UK housing market has showed remarkable resilience in the face of challenging economic and geopolitical scenarios.

We are now seeing the fruits of a better economy and lower rates, with mortgages much more affordable than this time last year

Tomer Aboody, director of specialist lender MT Finance, said: “The housing market continues to go from strength to strength with prices edging upwards as buyer and seller confidence grows... We are now seeing the fruits of a better economy and lower rates, with mortgages much more affordable than this time last year. Lower inflation should also persuade the Bank of England to take action and reduce rates further.”

Guy Gittins, chief executive of estate agent Foxtons said: “We’re already seeing more inquiries made, more offers submitted and more sales agreed, all of which bodes very well for the remainder of the year and beyond.”



Spotlight On... Putney



Located on the south bank of the River Thames between Fulham and Wimbledon, Putney is a well-heeled neighbourhood filled with handsome period properties and cosy pubs and cafes. Despite being a mere 20 minutes by train from London Waterloo, Putney has a fresh countryside feel thanks to its riverside position and the sprawling green spaces of Putney Common, Wandsworth Park and Putney Heath. There are plentiful golf, cricket and tennis clubs for those of a sporting bent and several boathouses along the pretty riverfront – Putney is known internationally as the starting point for the annual Oxford and Cambridge boat race.

Residents can take their pick from several excellent state and private schools. Our Lady of Victories, Hotham Primary School and Brandlehow Primary School are some of the most popular choices for children up to the age of 11. There are several private schools within the area, including The Falcons and Hurlingham prep schools and Putney High for girls at secondary level. Putney is also a popular choice for families seeking proximity to the leading schools of West London like St Paul's and St Paul's Girls.

There is a real mix of property here, from impressive Georgian, Victorian and Edwardian houses to 1930s mansion flats and contemporary developments along Upper Richmond Road. There is enough variety for buyers here to stay local as they move up and down the property ladder. Properties in Putney had an overall average price of £743,770 over the last year – flats made up the bulk of sales, selling for an average price of £500,561. Terraced properties sold for an average of £1,093,202 and semi-detached properties fetched £1,536,791.

London Richmond recently purchased a large period property on Montserrat Road in Putney for 29% below market value. Measuring just under 2,500 square feet and benefiting from a garage and a good-size garden, the house will become a luxury family home in the heart of one of south-west London's most desirable neighbourhoods.

Running parallel to the River Thames, Montserrat Road is a wide terraced street of sizable red-brick houses, close to the shops and restaurants of Putney High Street and a short walk to both East Putney and Putney Bridge tube stations. It is also under half a mile from the co-educational prep Hurlingham School and from private pre-prep the Merlin School.

£1,093,202

Average property price
for a terrace in Putney



£1,536,791

Average property price
for a semi-detached in Putney





London “Best-Performing Southern Region” for House Price Growth

September has seen the fastest annual house price growth in around two years, according to Nationwide’s latest index, with average London house prices hitting £524,685. The market has been strengthening across the country throughout the third quarter of the year, but “London remained the best performing southern region”, according to Robert Gardner, Nationwide’s chief economist. Breaking down the data by property type, terraced houses (of which the capital has a significant stock) have seen the biggest percentage rise in prices over the past year, with average prices up by 3.5%.

Matt Thompson, Head of Sales at London estate agents Chestertons, welcomed the housing market boost, saying: “Pent-up demand, lower interest rates and

sub-4% mortgage products resulted in more house hunters entering the market in September.”

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Jeremy Leaf, a North London estate agent said: “The market has changed and demand is improving which has coincided with lower mortgage rates and a more settled picture for inflation and politics. This shift has resulted in more appraisals, listings, offers and firming pricing.”

Summary

£3.95m

Acquisitions

Made by London Richmond
in October 2024

£2.65m

Gross Profit

Due on our 3 recent
acquisitions

2.75%

UK Base Rate

Forecast by Goldman Sachs
by December 2025

Our next update will be issued on 1 December 2024. For further information please email: info@londonrichmond.co.uk or call: +44(0)207 183 2150 to speak to a member of our team.

Disclaimer: The information contained herein is not intended to be a source of advice or credit analysis with respect to the material presented, and the information and/or documents contained in this document do not constitute investment advice.