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Central London 'overspill' to drive increased demand in fringe areas

Property demand and values in the capital are likely to remain resilient this year, says Quintessentially Estates

Central London is still the place to be in 2017, says Quintessentially Estates' Penny Mosgrove, but a continued shortage of available property stock means that buyers, investors and developers will be looking (slightly) further afield in search of "more bang for their buck."

The decision by the UK to leave the European Union and the election of Donald Trump as US President will undoubtedly mean that 2016 will be a year that goes down in the history books. As the shock waves continue to reverberate around the world, it will mean changes and price corrections for the global property markets and house hunters will likely look at London for their next investment. We are seeing more interest from US clients looking at London as an increasingly attractive investment, particularly the wealthy elite who fear the "Trump effect" and who may have been offended by his campaign tactics and what this means for 2017.

Throughout a year of many ups and downs, London has shown its usual resilience and remains one of the greatest cities to live, work and to buy and sell property. The UK took a breath following the Brexit vote where the overriding sentiment was one of caution, but the world moves on, life continues and people will always have the need for property. Both the London and wider UK housing market outperformed expectations following the referendum. After a sharp dip in confidence just after the vote, conditions improved dramatically throughout the autumn. Consumer confidence may be cautionary in 2017 due to the run up to the Brexit process and the serving of the formal "notice to quit" the EU but London will continue to bounce back. No other capital city is home to five separate airports, such fantastic job opportunities, incredible transport infrastructure, such a stable government, inspiring culture – the capital city is a buzzing metropolis with much to celebrate.

Acute under-supply of housing will increasingly mean that the outer London boroughs will have to absorb the population overspill from central London and will see prices grow. As a result, we expect additional growth in locations such as Wembley, Croydon, Canada Water, Stratford, White City and Wood Lane for example. Due to escalating costs for prime residential property we also expect developers to target locations where buyers can get “more bang for their buck.” In Prime Central London, the short supply of good quality “best in class” stock that is priced correctly will continue to be competitive, and will therefore support prices to some degree.

The UK lettings market looks relatively positive with modest rental growth expected. Rents could rise further if landlords begin to sell properties in an effort to offset to the impact of tax rises.

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