Prime Resi
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2020 Vision: Luxury property trend predictions for the year ahead

Prime resi insiders weigh-in on the big property market, design and lifestyle trends for the next 12 months

Many luxury property industry insiders are looking forward to the next 12 months with vim and positivity. "There is more confidence in Prime Central London now than there has been in years", remarks buying agent Hannah Aykroyd, while Fraser Slater of Ludgrove expects the Prime London property market "to regain its mojo in 2020", and Glentree's Trevor Abrahmsohn thinks that, in the wake of December's Conservative election win, "there is nothing to hold back the prime residential property market, particularly in London."

But others are more cautious about the market's prospects. "The structural issues in the market remain the same and boom time is unlikely," tempers Roarie Scarisbrick of Property Vision, pointing out that "stamp duty is still cripplingly expensive and we are about to be hit with yet another 3% surcharge for foreign buyers which will hit central London hard." Knight Frank's London research chief Tom Bill is also not expecting a surge in property prices, as rising supply keeps a lid on inflation; "any increase in sales volumes is unlikely to be accompanied by meaningful house price inflation in 2020," he says.

Looking beyond pricing, supply and demand, we're likely to see a continuation of last year's buzz phrases and watchwords: sustainability, wellness and flexibility all crop up frequently in the forecasts, while buyers' quest for quality and price sensitivity continue to force developers and agents to stay at the top of their games.

We polled some prime resi regulars for their key predictions for the luxury property scene in the coming year; here's our pick of the 2020 trends to watch…

More sales market activity in London

Supply is likely to rise, says Knight Frank's Tom Bill
"There is nothing to hold back the prime residential property market, particularly in London", declares Trevor Abrahmsohn, the outspoken boss of North London estate agency Glentree Estates. Boris Johnson's majority Government is promising some much-missed certainty over policy direction, if not policy specifics just yet.

There's a widespread belief that both vendors and buyers will spring into action in the early part of this year, releasing pent-up supply and demand that could see a flurry of significant deals being done in the next few months. "The imbalance between supply and demand that was a feature of the [London] market last year should start to be redressed in 2020," predicts Knight Frank's Tom Bill. "Supply is likely to rise as more sellers anticipate a post-election bounce."

Buying agent Hannah Aykroyd is expecting prime transaction volumes to "increase significantly in 2020" – continuing a trend seen towards the end of last year. "In the third quarter of 2019, contract exchanges rose by 24% compared to the previous year," she says. "At Aykroyd & Co we have been even busier in Q4 – and we're not alone. It's important to remember there has never been lack of demand in the PCL market over the past 12 months – rather there has been a lack of good, well-priced stock. As sellers feel more confident about prices, stock will levels rise, and we expect transaction levels to follow suit."

March's Budget event could be another driver of immediate sales activity. As Jamie Read, Director at Tavistock Bow, points out: "If the government does decide to increase Stamp Duty for overseas buyers in the next budget, we would expect to see a flurry of enquiries & transactions in central London before the end of the tax year."

Developers are also positive about sales prospects in 2020. Mark Hutton, Head of Residential Sales and Lettings at Battersea Power Station, is expecting residential demand "to remain strong as activity increases amongst needs-based buyers and London's underlying fundamentals continue to attract international residents."

2020 will be 'a game of two halves', says Saul Empson

But there are some more cautious voices amongst the bulls. "The luxury property market in 2020 will begin to see some movement again," says Saul Empson of Haringtons, although the veteran buying agent sees this year as "a game of two halves": "In the first half, I think we'll see some of the old chestnuts on the property market sell fairly quickly, and the next generation of homes come to the market at elevated pricing," he says. "The second half will then be dictated by a struggle to close the gap between vendors and purchasers. This will certainly be the case in Prime Central London as people start to buy and sell again and yet, the supply just isn't there."

Guy Meacock of Prime Purchase is expecting more activity in prime London, but also anticipates a gear-shift between the first and second halves of the year: "We expect this year to be front-loaded," he says, "with the busiest quarter likely to be the first one and then through the spring to the summer. But as we get nearer the end of the transition period we may see things tail off. Good property will shift as before but buyers will have to take a long-term view on those flats and houses that have sat on the market. The difference is now they have the confidence to do so."

Roarie Scarisbrick of Property Vision is markedly less positive than others about market prospects. “Whilst the agents are predicting a new bull run in our markets off the back of December’s election result, buyers launching themselves into the market this quarter will soon be reminded that stamp duty is still cripplingly expensive and we are about to be hit with yet another 3% surcharge for foreign buyers which will hit central London hard,” he warns. “So while we will be busy with buyers who have been sitting on their hands for a while, and transactions will pick up, the structural issues in the market remain the same and boom time is unlikely.”

Notable but modest price inflation in prime London
“Any increase in [London] sales volumes is unlikely to be accompanied by meaningful house price inflation in 2020,” says Tom Bill, Head of London Residential research at Knight Frank, summarising a widely-held consensus amongst prime resi pundits.

“We expect to see a notable but modest increase in residential prices in PCL in 2020,” forecasts Hannah Aykroyd, while Paul Clarke, co-founder of US broker-style estate agency Mr and Mrs Clarke, believes that “prices will gently harden but realistic negotiation will be key in achieving positive market momentum”.

The danger is that vendors are now firming their expectations too much, says Guy Meacock
Buying agent Guy Meacock warns vendors of being too greedy in reaction to renewed political certainty. “The election result went the way many in PCL wanted,” he says, “but the danger is that vendors are now firming their expectations too much. For example, there is a house for sale on one of Notting Hill’s premier roads, which has been on the market for three years because while it is a great address it is overlooked and is blighted. A buyer was found who agreed to pay 5% below what is a very optimistic guide price. As soon as the election was out of the way, the vendor had the gumption to say he wanted more money than the £9.5m on the table. And the buyer still paid most of the extra that this vendor wanted. It really is a sign of the times that someone with a blighted property feels emboldened enough to act like that that so what will you see with those with the really good stuff?”

Of course some are predicting big price inflation for the year ahead: new-build specialist estate agency Johns & Co is anticipating a 4% rise for PCL prices over the next 12 months, and Jamie Read of Tavistock Bow is expecting “real signs of a bounce back” for prices in early 2020. “With a vastly improved political backdrop, the threat of a hard-left Government removed and Britain’s transition out of the EU settled we expect the Prime London property market to regain its mojo in 2020,” says Fraser Slater, CEO of buying agency Ludgrove Property. “Strong pent-up demand, limited stock availability and the backdrop of a record five-year long PCL bear market is likely to provide upward momentum and we forecast Prime London prices and volumes to grow around 10% and 20% respectively in 2020.”

Few but fine prime London development launches

"Having completed dozens of developments nearby over the past 20 years I can honestly say that I've never known the central London pipeline to be so short"

Charlie Baxter, Alchemi

Alchemi's Charlie Baxter has noticed a marked shortage of top-end new-build supply in Central London. "It's going to take a while for supply to recover", he says, explaining that his team recently carried out a sales and marketing report for Alchemi's upcoming Westminster Fire Station development in SW1. "We would normally expect to see three or four other developments launching in 2020 – however, we actually found no other new build developments being completed within a mile. Having completed dozens of developments nearby over the past 20 years I can honestly say that I've never known the central London pipeline to be so short. Yet as the population continues to grow, I would expect to see an increase in prices to reflect this imbalance."

Looking at currently-available units, however, others have noticed a glut of supply. "There are deals to be done on certain new-build schemes right now," says Jamie Read, Director at Tavistock Bow – "thanks in part to the election effect, but also an end of year frenzy from housebuilders looking to shift stock."

But there are some particularly exciting new luxury launches on the cards for 2020…

Kate Donneky of Rhodium Residence Management is particularly excited about two big super-prime resi launches this year: Regent's Crescent by CIT and No.1 Palace Street by Northacre. Both "bring an exciting new lease of life to iconic London architecture", she says. Simon Garcia of Quintessentially Estates flags the same trend with his pick of the year – another historic building conversion, Whiteley's in Bayswater.

Battersea Power Station is also in for "a pivotal year", according to sales and letting chief Mark Hutton, in advance of next year's "big opening".

Flexible living spaces

"Luxury homes in the UK are being designed very much with 'lifestyle' in mind," says Debi Wadsted, Brand Ambassador for UK Sotheby's International Realty, "much more so than in the past couple of decades."

"Flexible living" has been been a buzz phrase amongst developers and designers for a few years now, and the trend is set to continue through 2020. "Flexible living, homes that provide spaces to work and entertain, such as communal residents lounges and private rooms suitable for large gatherings and meetings, will be popular this year as the line between work and life continues to blur", says Mark Hutton of Battersea Power Station.

“The kitchen is still the heart of the house,” says Wadsted. “It is the prominent room and needs to be able to accommodate a family group or friends. This is why houses are still being built with oversized kitchen/breakfast/family spaces, taking up a large proportion of the downstairs square footage. In order to break up these spaces as and when required, styled moveable screens become part of an interior styled scheme. Semi fixed partitioning has also become popular and can be used to great effect. Consequently, dining rooms have become almost obsolete and I believe this trend will continue throughout the 20s.”

Jason Orme, property expert for the Homebuilding & Renovating Show, is expecting similar things: “Where people have the space, I expect to see greater adoption of flexible living, with multi-functional ‘day’ spaces combining the eating, cooking and living function and then more cosy ‘night’ spaces.”

Sustainability
Energy efficiency and sustainable property design has rocketed up the priority list for many buyers.

“Over the last 10 years our branches have seen a significant increase in demand for homes with eco-credentials as owners become far more conscious of the cost of running a property,” says Nick Leeming of national estate agency Jackson-Stops. “With waste reduction and energy efficiency such a hot topic, they are also becoming far more aware of their carbon footprint. Therefore, when it comes to buying a new home in the country, regardless of whether it is a new build or a period property, many are keen to understand what eco credentials the home has. It is sometimes assumed that older properties are less energy efficient than new build homes, but owners can make small changes, such as installing new appliances, which can help reduce their CO2 emissions and boost their ‘forever home’ credentials. It is these homes that we expect to fare well in the country market in 2020.”

“Efficiency has started to trump period beauty – especially for the young, and the older generation who have lost their appetite for high maintenance and draughty homes”

Clare Coode, Stacks
Clare Coode of Stacks Property Search agrees. “Buyers are increasingly aware of eco-houses that cost pennies to run,” she says. “A growing sector of property buyers will seek out property that doesn’t leak heat, and that is set up for helping the pocket and the planet. Efficiency has started to trump period beauty – especially for the young, and the older generation who have lost their appetite for high maintenance and draughty homes.”

Demand for sustainable homes will hopefully drive some policy shifts as well. “Clearly there is a huge push for homeowners to reduce their home’s carbon emissions,” says Jason Orme, property expert for the Homebuilding & Renovating Show, “and as a result I expect to finally see some much-needed support announced for the retrofit and energy efficiency sector. This could range from financial incentives for the adoption of greener energy-generating measures (from boilers to solar panels) but more likely there will be significant support for reducing heat demand in existing homes – insulation, better windows and so on. At the very least I'd expect there to be changes to the VAT regime around works to existing homes so that people aren't taxed for improving their home in this way."

Wellness

Wellness and health is increasingly at the heart of luxury home design. "Many clients ask for air quality tests before they purchase a property nowadays and we often organise for pollution monitors and filtration systems to be installed before move in day," says Simon Garcia, partner at Quintessentially Estates. "I predict we will see an increase in demand for homes with the best green spaces, such as private grounds and garden squares, as the wellbeing and lifestyle trend escalates in 2020. People like to feel 'zen' in the home and more people are looking into Feng Shui and other pseudoscience's in order to make it as harmonious as possible. In their eyes this can help anything, from the financial matters they deal with as a family, right through to how well the children perform at school."

The Battersea Power Station team has noticed a similar trend amongst their first-footers (over 1,000 residents are now living in the first phase, Circus West). "We have been struck by the value that residents place on a strong sense of community," says Mark Hutton. "We expect to see this continue as wellbeing, happiness and mental health continue to rise up the agenda."

Kate Donneky of super-prime residence management firm Rhodium highlights five design and development trends for the year ahead:

1. Extensive private training spaces as well as multi-use spaces to be able to host friends for training/classes
2. Separate catering/prep kitchens away from main living/entertaining areas to allow private chefs to prepare healthy targeted meals daily
   Relaxation spaces (free from tech)
3. There is a rise in treatment rooms in developments which suggests an increase in focus on personal beauty/therapy, especially with more and more treatments becoming available at home, this also extends to individual apartments where the resident has their own mini spa.
4. Prioritising the need for lots of natural light, direct access to green and landscaped areas, non-toxic building materials etc.
5. In some schemes we are seeing social communal areas which promote wellbeing and social connections

Security

Safety is another key concern for buyers at the top-end. "Buying trends will be towards properties with high levels of security with safety a top priority," says Marc Schneiderman, Director at Arlington Residential.

Schneiderman also predicts an end to the “fad for indoors swimming pools”; wealthy buyers are now “actively requesting properties that do not have them,” he says. “They are rarely used, expensive to maintain and often the heating and filtration systems malfunction.”

Two Prime London hotspots to watch in 2020
Covent Garden

Jamie Read, Director at Tavistock Bow: “Covent Garden is hot property right now and very brexit-proof. We saw some Europeans leave after Brexit was announced (perhaps they changed jobs and went back ‘home’), but they were immediately replaced by very competitive buyers, both commercial and residential, from the US, Asian and Middle East. There has been a change in demographic of residents over the last two years especially; certainly an uptick in the very wealthy – parking tickets on super cars is not just confined to Mayfair! The end of last year saw an influx of affluent downsizers move into to Covent Garden from the countryside, looking for an injection of theatre, culture and restaurants in the later years. They are more left-leaning media savvy types. Convent Garden is the grown up soho – from street performers and souvenir shops, to Tom Ford, Gucci and the Apple Store, Covent Garden is now globally recognised as both a chic place to live and dine and the entertainment district of choice. “Covent Garden has just had Redbull HQ move into Seven Dials, alongside Netflix, Facebook and google already there. There is a HQ there that gives employees a bonus to live within a 15minute walk of Covent Garden. There is a definite synergy between the Kings Cross regeneration and Covent Garden – the type of tenants are becoming increasingly similar, it feels cooler, more of a place to live not just pass through for shopping.

“The journey of Covent Garden has been interesting to watch over the last 15 years. It’s gone from big institutional landlords with mainly office/commercial portfolios, to investment trusts like CapCo and Shaftesbury lease holding flats and diversifying into the residential market. This represents a full 360 life cycle for urban transformation there – first concentrating on offices, then cool shops, restaurants and bars, and now places to live. Commercial clients now care a lot about residential and we will see this trend increase during 2020.”

Notting Hill
Hannah Aykroyd, Managing Director and founder of Aykroyd & Co: “There is an almost insatiable appetite for family homes in Notting Hill, Kensington, and Belgravia. These properties are relatively rare – the family homes we transacted on in 2019 were almost all selling for the first time in decades. We expect this to continue into 2020 among best-in-class PCL residential property.”
Simon Garcia, partner at Quintessentially Estates: “Notting Hill will continue to be hot property next year – we’ve seen a huge amount of requests here and super-prime stock sells to off-market buyers who are waiting in the wings for homes to become available. We may see overflow from this pent-up demand into nearby Bayswater, which could well see an uplift next year due to redevelopment of Whiteley Shopping Centre and other new high-end developments.”

MORE 2020 PREDICTIONS FROM PRIME RESI PUNDITS

Buying Agents

There is more confidence in PCL now than there has been in years

Hannah Aykroyd, Managing Director of Aykroyd & Co

Hannah Aykroyd

"**Resilience.** The story of the Prime Central London residential property market over the past three years is one of resilience. Yes, prices have dropped about 15% from the recent peak of 2014, but – to put that in perspective – they have more than doubled since the lows of 2008. Demand has remained high among both foreign and domestic buyers. Meanwhile, the problem of low transaction levels can largely be attributed to low stock levels, as potential sellers have been reluctant to sell in a dampened market. Even this is a mark of economic stability, as employment levels have remained high and mortgages low, meaning fewer property owners are under financial pressure to sell. Overall, the PCL residential market has weathered the Brexit storm remarkably well.

"The bounce. The recent Conservative victory was music to the ears of UK markets. Sterling and shares popped up overnight. While it will be many weeks before we know whether the residential property market will have a similar bounce, we expect to see a notable but modest increase in residential prices in PCL in 2020. Looking further into the new decade, Savills and Knight Frank have predicted a 14-18% increase over in house prices over five years, and we would expect PCL to come back a bit stronger than that.

"The other bounce: transaction levels v prices. While we are looking for a relatively modest bounce in prices, we are more excited about transaction levels, which we expect to increase significantly in 2020. In the third quarter of 2019, contract exchanges rose by 24% compared to the previous year. At Aykroyd & Co we have been even busier in Q4 – and we're not alone. It's important to remember there has never been lack of demand in the PCL market over the past 12 months – rather there has been a lack of good, well-priced stock. As sellers feel more confident about prices, stock will levels rise, and we expect transaction levels to follow suit.

We did not have a clear run at a single transaction in 2019; every deal has involved sealed bids, contract races, or best bids. Things are happening FAST

"A seller's market? Although properties with a key flaw are sitting, when it comes to best-in-class properties, it's a seller's market. We did not have a clear run at a single transaction in 2019; every deal has involved sealed bids, contract races, or best bids. Things are happening FAST. We say to our clients: if you like something, go for it now. Stock levels continue to be quite low, and demand – which has been strong in PCL in 2019 – is only expected to increase as political uncertainty continues to resolve. Where is competition most fierce? There is an almost insatiable appetite for family homes in Notting Hill, Kensington, and Belgravia. These properties are relatively rare – the family homes we transacted on in 2019 were almost all selling for the first time in decades. We expect this to continue into 2020 among best-in-class PCL residential property.

"The off-market market. More and more sellers in Prime and Super Prime Central London are choosing to avoid online marketing and sell their homes discreetly off-market. In fact, over half the properties we transacted on last year were being sold off-market. There are a number of reasons for this: privacy, security, and keeping the listing fresh. Both vendors and sellers at the higher price levels increasingly want to avoid online floorplans and interior shots for security reasons. Once there's a digital footprint of these things, it's difficult to remove. Some vendors may not want neighbours or colleagues to know they're selling for personal and professional reasons. We've seen situations where there was concern that the sale of a CEOs house would affect share prices. In other cases, it's just a matter of maintaining that increasingly rare commodity – personal privacy. This trend is here to stay.

"Tax, tax, tax. In the run up to the election, the Conservative Party unveiled plans for a 3% stamp duty land tax surcharge for non-UK tax residents – both companies and individuals. The extra 3% surcharge would be on top of the 3% surcharge that all buy-to-let and second home buyers already pay. In some cases, this would mean a surcharge of hundreds of thousands of pounds on top of the current daunting levels of SDLT. While we are not against this tax per se, we do think it's a risky tactic for PCL's property market at this juncture. Evidence shows that a high rate of SDLT stagnates the market. The number of transactions has dramatically declined since higher rates of SDLT were introduced in 2014. It's often forgotten how much of this drop – and the drop in prices – occurred before the Brexit referendum. Some of our overseas clients have mentioned the potential tax increase with real concern, for themselves and future buyers. Earlier in the year, Conservatives floated proposals for reducing SDLT. This would be welcome. That said – keeping things in perspective – it's important to remember that even with the proposed increase London's tax rate would be ranked in the middle of property taxes in international cities around the globe.

"Foreign investors. About half of our clients hail from overseas, and they have remained stalwart in the face of gloomy headlines over the last few years. Even so, there has been a sigh of relief among investors from abroad now that we can get on with business more or less as usual in the UK. There is also a real sense of increased urgency among these clients as they race to catch the currency play and beat potential SDLT increases. Given this, we expect to see an increase in activity among overseas buyers in the first quarter of 2020.

"Onward and upward. Although we expect only a modest price bounce in 2020 and the currency play is not quite as attractive to US-dollar based investors as it was in 2019, there are still deals to be done. The main issue is finding the right property, as stock levels are low, the market for quality properties is competitive, and many of the best properties are sold off-market. We expect PCL to be faster to recover than other areas, and best in class properties in PCL to come back first and strongest. These properties are often bought as investments, and investments are bought on confidence – there is more confidence in PCL now than there has been in years."

The 2020 property market will be a game of two halves

Saul Empson, Haringtons Buying Agency

"The luxury property market in 2020 will begin to see some movement again. Buyers and sellers will push forward with plans they've been sitting on for some time as a result of market uncertainty in 2019. We've already had several clients progress their buying searches and offers, and witnessed more activity than usual at this time of year. We certainly expect this pattern to continue as we move forward into 2020, and leave the market stagnation we've seen over the last few years behind.

"However, I think the 2020 property market will be a game of two halves. In the first half, I think we'll see some of the old chestnuts on the property market sell fairly quickly, and the next generation of homes come to the market at elevated pricing. The second half will then be dictated by a struggle to close the gap between vendors and purchasers. This will certainly be the case in Prime Central London as people start to buy and sell again and yet, the supply just isn't there.

"My advice would be to get on and buy early in the year, as key properties are not going to be there by the Autumn.

"All in all though, the Prime London market has certainly undergone an injection of confidence and we will witness a much more positive buying environment in the coming months."

The structural issues in the market remain the same and boom time is unlikely

Roarie Scarisbrick at Property Vision

"Whilst the agents are predicting a new bull run in our markets off the back of December's election result, buyers launching themselves into the market this quarter will soon be reminded that stamp duty is still cripplingly expensive and we are about to be hit with yet another 3% surcharge for foreign buyers which will hit central London hard. So while we will be busy with buyers who have been sitting on their hands for a while, and transactions will pick up, the structural issues in the market remain the same and boom time is unlikely.

"Also, vendors will feel strengthened by this so I expect a period of adjustment where buyers and sellers try to work out what this means. Sellers will be rubbing their hands with glee but I don't think this is a time to get greedy because again the issues remain the same and there are still choppy waters to cross with Brexit and stamp duty."

We expect the Prime London property market to regain its mojo in 2020

Fraser Slater, CEO of Ludgrove Property

“With a vastly improved political backdrop, the threat of a hard-left Government removed and Britain’s transition out of the EU settled we expect the Prime London property market to regain its mojo in 2020. Strong pent-up demand, limited stock availability and the backdrop of a record 5-year long PCL bear market is likely to provide upward momentum and we forecast Prime London prices and volumes to grow around 10% and 20% respectively in 2020.

“Stamp Duty remains a millstone but with the Prime Minister, Deputy Prime Minister and Chancellor all having spoken about cutting Stamp Duty in their leadership campaigns, we think there is a reasonable chance Stamp Duty may be reduced for Domestic Buyers in the March Budget. Ludgrove research has shown a -36% across the board reduction in Stamp Duty would create an additional £1.4 bn in tax revenue and £8.36bn in business revenue as a result of higher property transactions and property-related business activity.

“Taken together this represents a £9.8bn tax and growth opportunity for the Economy. Furthermore, our analysis shows that for each 1% tax cut there would be a 20% increase in property transactions. By way of an example a £2m property buyer currently pays 7.7% Stamp Duty and reducing the tax rate by -36% (to 4.9%) would increase transactions in this price bracket by 55%.”

The danger is that vendors are now firming their expectations too much

Guy Meacock, director at Prime Purchase

“The election result went the way many in PCL wanted but the danger is that vendors are now firming their expectations too much. For example, there is a house for sale on one of Notting Hill’s premier roads, which has been on the market for three years because while it is a great address it is overlooked and is blighted. A buyer was found who agreed to pay 5% below what is a very optimistic guide price. As soon as the election was out of the way, the vendor had the gumption to say he wanted more money than the £9.5m on the table. And the buyer still paid most of the extra that this vendor wanted. It really is a sign of the times that someone with a blighted property feels emboldened enough to act like that that so what will you see with those with the really good stuff?

“We are telling clients that there is probably more stock coming to market although nothing like enough to satisfy demand with more buyers wanting it. The election has lit a fire underneath buyers who believe that the Tory government means that they should pile in.

“Buyers may have to pay a premium now but what we have seen in the market over the past two or three years supports that. The danger otherwise is to be pushed back and outbid by someone prepared to pay a bigger premium. People are more prepared to take a view on things and put their hands in their pockets, which they weren’t before.

“We expect this year to be front-loaded, with the busiest quarter likely to be the first one and then through the spring to the summer. But as we get nearer the end of the transition period we may see things tail off. Good property will shift as before but buyers will have to take a long-term view on those flats and houses that have sat on the market. The difference is now they have the confidence to do so.”

Many clients ask for air quality tests before they purchase a property nowadays

Simon Garcia, partner at Quintessentially Estates

“Locations for investors and second home buyers: Notting Hill will continue to be hot property next year – we’ve seen a huge amount of requests here and super-prime stock sells to off-market buyers who are waiting in the wings for homes to become available. We may see overflow from this pent-up demand into nearby Bayswater, which could well see an uplift next year due to redevelopment of Whiteley Shopping Centre and other new high-end developments. Classic Prime Central London locations, such as Mayfair and Belgravia, await some exciting new build schemes (completing in 2020) which will attract investment. Outside of London, Berkshire will likely be the most in demand of the Home Counties due to its easy commute, beautiful countryside and healthy stock of large, traditional homes. Further afield, Oxfordshire continues to be popular, also due to its proximity to London via train as well as the schools and universities in the area. We have seen a lot of interest from Asian buyers looking for property here.

“2020 design trends: Many clients ask for air quality tests before they purchase a property nowadays and we often organise for pollution monitors and filtration systems to be installed before move in day. I predict we will see an increase in demand for homes with the best green spaces, such as private grounds and garden squares, as the wellbeing and lifestyle trend escalates in 2020. People like to feel ‘zen’ in the home and more people are looking into Feng Shui and other pseudoscience’s in order to make it as harmonious as possible. In their eyes this can help anything, from the financial matters they deal with as a family, right through to how well the children perform at school. Minimal but usable space and furniture for comfortable living are now what’s important. People no longer want a sofa with a thousand cushions, or one that is so sleek and harsh that it’s not comfortable.

“Branded residences – the next phase: Branded residences will continue to evolve next year and the way they differentiate themselves in terms of food, fitness and wellbeing, as well as making sure they offer impeccable service levels will be key as wealthy buyers are more discerning than ever. As different types of health and mindfulness trends emerge, residences

will need to adapt to the different elements and modify within its own brand and style. Food offering will be crucial and making sure you are home to the best restaurant in town will be key to maintaining premium prices. I recently visited Home at 45 Park Lane which is the pop up space that is used by Clivedale and their Mayfair Park Residences scheme. It's a private members club hosted in the new development that can be used by either clients or prospective clients of theirs – all serviced by 45 Park Lane staff. Buying into one of the leading branded residences in prime central London, such as 20 Grosvenor Square (Four Seasons), Mayfair Park Residences (Dorchester) or One Grosvenor Square (Lodha) would be my advice. HNW and UHNW buyers want to be a part of an exclusive club and enjoy the kudos and lifestyle benefits of owning this type of property in the most sought after postcode.
These residences will undoubtedly continue to sell out fast, so if you don't move quickly you will be at the mercy of a seller who may wait years before relinquishing their asset. Buyers should act now while they still have a reasonably good choice. Branded hotel residences are a reasonably new product, but as the word spreads about the amazing finishes and services on offer, demand will follow suit.

"Launches: Whiteley Shopping Centre in Bayswater is one of the most anticipated new developments in London and will transform this once grand area, helping to put it back on the property map. It has a huge amount of history and is well-known and much-loved for its attractive architecture by London residents. It's going to transform that area and with brands like Finchatton being involved, we know that it will be a success."

Estate Agents

Prices will gently harden but realistic negotiation will be key in achieving positive market momentum

Paul Clarke Co-Founder of Mr and Mrs Clarke

"After a tumultuous end to last year and with many taking a 'wait and see' approach due to the election and Brexit, the domestic, national property market is brimming with cautious optimism. January 2020 will likely see 'would be' 2019 vendors dipping their toes in and putting their homes on the market, especially pre Budget in February – we therefore expect positive stock momentum especially in key commuter locations of Birmingham & The West Midlands as well as Manchester and across the North West, which are expected to rise the most due to city regeneration and investment. We have seen a spike of buyers enquiring about homes on the market and what we have coming up – however we expect buyers will be negotiating hard as the burden of high levels of stamp duty still remains. Overall we predict that the first quarter will see an increase in both stock and applicants – prices will gently harden but realistic negotiation will be key in achieving positive market momentum."

Buying trends will be towards properties with high levels of security with safety a top priority

Marc Schneiderman, Director at Arlington Residential

"Buying trends will be towards properties with high levels of security with safety a top priority. Concierge facilities are also now essential requirements at this level of the market.

"The fad for indoor pools is on the decline, with wealthy buyers reversing the trend of many years and now actively requesting properties that do not have them. They are rarely used, expensive to maintain and often the heating and filtration systems malfunction.

"Best investment to make next year- electric car! Do your bit to contribute to the wellbeing of the next generation."

Any increase in sales volumes is unlikely to be accompanied by meaningful house price inflation in 2020

Tom Bill, Head of London Residential research at Knight Frank

"The imbalance between supply and demand that was a feature of the market last year should start to be redressed in 2020. Supply is likely to rise as more sellers anticipate a post-election bounce, which means that any increase in sales volumes is unlikely to be accompanied by meaningful house price inflation in 2020. Continuing uncertainty over Brexit and future tax changes, together with the normalisation of interest rates, will also act as a brake on price growth."

There are early signs of recovery in London's prime markets

Lucian Cook, Savills head of residential research

"There are early signs of recovery in London's prime markets. Our indices suggest that values in prime central London bottomed out in the final quarter of 2019, while Lonres data tells us that December saw 171 £1m+ transactions in prime central London, the highest since March 2017 and up 31% on December 2018, as pre-election uncertainty lifted and deals agreed began to translate into sales.

"Looking forward, there is still a significant currency play. Values have fallen by 20.4% over the past five years, leaving the sector looking good value in both a historic and global context. During the same period, the number of global ultra-high-net-worth individuals has risen by 30%. The shadow of Brexit still hangs over the market, but in a global context, London is expected to retain its safe haven appeal.

"The March budget is expected to confirm an additional stamp duty surcharge – billed at 3.0% – for non-resident buyers of UK residential property, which will likely bring forward demand into the first quarter. Thereafter, this additional levy might be expected to temper demand.

“Beyond PCL, our other top pick for investors in residential – likely at an institutional level – would be retirement housing, where the fundamentals of supply and demand are overwhelmingly attractive. Our latest analysis suggests that almost half of homeowners’ housing wealth is concentrated in the hands of the over-65s, the cohort that has benefitted most from decades of house price growth. Yet the retirement housing sector remains severely undersupplied – by as much as 45%, we estimate.”

The psychology of improved perceived market conditions can lead to a widening in the expectation-gap between buyers and vendors, which could result in a stalemate in conditions

Chris Osmond, Sales Director at JOHNS&CO

“We envisage average capital growth of up to 4% from 2019, bolstered by the relative clarity regarding the UK’s political direction following the election, which has given renewed confidence to buyers.

“That said, the psychology of improved perceived market conditions can lead to a widening in the expectation-gap between buyers and vendors, which could result in a stalemate in conditions.

“In terms of areas, we expect fringe locations in Zones 2 and 3, where there is still value to be found, to remain attractive for buyers seeking capital growth. The investor market is set to remain strong, despite misconceptions that many have ‘sold up’ due to the inclement cost/tax climate, with many taking a mid-long term view based on London’s underlying fundamentals which continue to make it an attractive proposition.

“Expectations amongst HNW buyers and renters will continue to rise, with demand for state-of-the-art facilities and amenities within new developments increasing further still. The Sky Pool at Embassy Gardens for example, is one of a number of stand out features setting the bar high and leading a wave of innovative amenities appealing to the HNWIs.”

Covent Garden is hot property right now and very brexit-proof

Jamie Read, Director at Tavistock Bow

“Nobody correctly predicted the considerable majority the Conservatives would win in the recent general election, but the UK’s greater political stability does appear to have unlocked the log-jam, at least in the short term. We saw an immediate upturn in enquiries the day following the election [Friday 13th], being fully booked all day on viewings with predominantly international buyers making immediate offers, choosing to act now while the sterling conversion is still attractive. We had a steady level of sales enquiries right up until the Christmas break, with a number of offers submitted and a sale agreed on Christmas Eve.

“The next few weeks of January will be crucial for the property market – many are hopeful for a spike in transactions following the election. If the government does decide to increase Stamp Duty for overseas buyers in the next budget [11th March], we would expect to see a flurry of enquiries & transactions in central London before the end of the tax year.

“We have seen the markets react well to the news, and although a weaker sterling has certainly attracted foreign buyers in recent months, as the pound strengthens and the dollar inevitably buys less square footage, it does indicate Britain’s economy is strengthening and we predict property prices showing real signs of a bounce back in early 2020.

“London, as always, is a bubble, and Prime Central London another a micro-market within it, likely to do the opposite to much of the country. But as is the way with capital cities, they lead trends which in time ripple out to the wider market. There are deals to be done on certain new-build schemes right now – thanks in part to the election effect, but also an end of year frenzy from housebuilders looking to shift stock. And needless to say with the continued unrest in Hong Kong, we are seeing strong demand from Asian buyers keen to secure stable assets in London, both as investments and for their own occasional use.”

Predicted hotspots

“Covent Garden is hot property right now and very brexit-proof. We saw some Europeans leave after Brexit was announced (perhaps they changed jobs and went back ‘home’), but they were immediately replaced by very competitive buyers, both commercial and residential, from the US, Asian and Middle East. There has been a change in demographic of residents over the last two years especially; certainly an uptick in the very wealthy – parking tickets on super cars is not just confined to Mayfair! The end of last year saw an influx of affluent downsizers move into to Covent Garden from the countryside, looking for an injection of theatre, culture and restaurants in the later years. They are more left-leaning media savvy types. Convent Garden is the grown up soho – from street performers and souvenir shops, to Tom Ford, Gucci and the Apple Store, Covent Garden is now globally recognised as both a chic place to live and dine and the entertainment district of choice.

“Covent Garden has just had Redbull HQ move into Seven Dials, alongside Netflix, Facebook and google already there. There is a HQ there that gives employees a bonus to live within a 15minute walk of Covent Garden. There is a definite synergy between the Kings Cross regeneration and Covent Garden – the type of tenants are becoming increasingly similar, it feels cooler, more of a place to live not just pass through for shopping.

“The journey of Covent Garden has been interesting to watch over the last 15 years. It’s gone from big institutional landlords with mainly office/commercial portfolios, to investment trusts like CapCo and Shaftesbury lease holding flats and diversifying into the residential market. This represents a full 360 life cycle for urban transformation there – first concentrating on offices, then cool shops, restaurants and bars, and now places to live. Commercial clients now care a lot about residential and we will see this trend increase during 2020.”

Dining rooms have become almost obsolete; spacious CEO-style home offices are on the rise

Debi Wadsted, Brand Ambassador, Country Office, UK Sotheby's International Realty

"Luxury homes in the UK are being designed very much with 'lifestyle' in mind. Much more so than in the past couple of decades.

"In my opinion the kitchen is still the heart of the house. It is the prominent room and needs to be able to accommodate a family group or friends. This is why houses are still being built with oversized kitchen/breakfast/family spaces, taking up a large proportion of the downstairs square footage. In order to break up these spaces as and when required, styled moveable screens become part of an interior styled scheme. Semi fixed partitioning has also become popular and can be used to great effect. Consequently, dining rooms have become almost obsolete and I believe this trend will continue throughout the 20s.

"So the kitchen still remains big where it is all about technology. A few years ago it was the built in 'kettle' tap with on tap boiling water. Now it is sinks that wash the dishes, wi-fi devices to protect your home from water damage, ovens that replace your countertop air fryer and drier dishes right out of the dishwasher. Built in larders have made a big comeback over the past couple of years. They have transformed into a standalone cupboards, housing the majority of the dry food products. Kitchens will begin to blend perfectly with the rest of the surrounding space, with more fabric window treatments including long curtains, artwork and decorative lighting.

"Colour is returning in the home. Navy blue is the new grey for 2020 along with back to nature, green. Bold colourful shades are beginning to creep in at long last, replacing the neutral greys and beiges.

"Luxury homes are being designed with a big focus on technology in order to address the increase in people working from home. Gone are the days of a simple desk, chair and angle poise lamp. People not only want a space to work in, they aspire to the CEO style office with plenty of space. They want a sanctuary, somewhere to help creativity and productiveness. With health and fitness a priority, a bike or running machine might even be installed to break up the monotony of sitting at the desk all day.

"With this in mind, home studies have become a prominent feature and consequently are often a similar size to a typical family/TV room, especially if the overall square footage doesn't allow for a separate gym room. In smaller builds, there might be a detached home office/studio which might also be used as a yoga/pilates/meditative room."

There is definitely more confidence in the market and more people are looking to buy and progress transactions

Paul Cosgrove of Finlay Brewer

“We think that supply will remain somewhat limited, however we expect a small increase, but there is definitely more confidence in the market and more people are looking to buy and progress transactions.

“People have already delayed by several years so there is a lot of pent-up demand in the market, and we expect to see some corresponding pent-up supply in the coming months.

“We believe prices will continue to remain constant, however, with the exception of properties which tick all the boxes and have rarity value, these homes will command a premium as we saw in 2019.

“The west London market is seeing fewer French buyers and a greater number of Chinese buyers flooding to the area. People are buying across the board, but people purchasing homes over the £1m mark are more particular because they know they want to be there for the longer term due to the restrictions on multiple moves created by SDLT. We‘re hoping to see a downward adjustment in SDLT at the higher level – as the 12% rate above £1.5m continues to stifle the market.”

There is nothing to hold back the prime residential property market, particularly in London

Trevor Abrahmsohn, Glentree Estates

“From despair to elation in a matter of hours, was the reaction to Boris Johnson’s landslide victory in December.

“This means that all the disturbing fears of a catastrophic collapse in the markets and amongst sentiments, that a Corby led government/coalition would have represented, are behind us.

“With low unemployment, reasonable growth (when compared with the rest of the G7), low inflation (with correspondingly low mortgage interest rates) and with the capital markets climbing new highs, there is nothing to hold back the prime residential property market, particularly in London. The long promised wall of money from international investors, will soon be finding its way to the Capital and beyond.

“Between £2m to £5m, there is actually a shortage of stock and if demand increases, as expected, prices will rise. There is a stock overhang between £5m and £10m and above, which will soon be soaked up, before prices rise again.

"The market up to £500,000 is doing very well, mainly due to the stimulus of Help-to-Buy.

"If, as expected, the Chancellor reduces Stamp Duty rates in order to increase the Treasury receipts, before we say 'Jack Robinson', we will have a happy, liquid residential market growing, hopefully, no more than 5% per annum."

Developers & Property Management

We expect residential demand to remain strong as activity increases amongst needs-based buyer

Mark Hutton, Head of Residential Sales and Lettings at Battersea Power Station

BPSDC's Mark Hutton

"We are optimistic about 2020, which is set to be a pivotal year for Battersea Power Station as we countdown to the big opening next year. Progress on the Power Station continues at pace, with many of the apartments in the building now completed and some dressed, whilst the offices, event spaces and retail areas are advancing well. We expect residential demand to remain strong as activity increases amongst needs-based buyers and London's underlying fundamentals continue to attract international residents.

"The demand for well-located, lateral-style living is set to continue and we expect to see even more focus on amenity-led living when it comes to new developments, with buyers and renters seeking homes that offer much more than simply a place to live. Flexible living, homes that provide spaces to work and entertain, such as communal residents lounges and private rooms suitable for large gatherings and meetings, will also be popular this year as the line between work and life continues to blur.

"At Battersea Power Station, where we have over 1,000 residents living in our first phase, Circus West, we have been struck by the value that residents place on a strong sense of community. We expect to see this continue as wellbeing, happiness and mental health continue to rise up the agenda. Living in a diverse environment where young professionals, families, retirees and people from all walks of life co-mingle, is proving to be a draw and we expect this to continue throughout 2020. The appeal of riverside living and the proximity to greenery, public parks and excellent transport links will inevitably continue to remain top priorities for buyers as we head into this year."

I can honestly say that I've never known the central London pipeline to be so short

Charlie Baxter, Managing Director and co-founder of Alchemi Group

"With the election out of the way and Brexit certainty (like it or not) all but certain we expect to see buyer/investor confidence returning, both for new sales and site purchases. This increased demand is likely to soak up the remaining built stock that's been languishing on the market since the SDLT hikes and EU referendum. With all this in mind, we expect to see increased demand, both local and international, this year. Continued world-wide political uncertainty is likely to also accelerate capital flight to safety within UK bricks and mortar.

"However, it's going to take a while for supply to recover. For example, we recently carried out a sales and marketing report for our upcoming Westminster Fire Station development in SW1. We would normally expect to see 3 or 4 other developments launching in 2020 – however, we actually found no other new build developments being completed within a mile. Having completed dozens of developments nearby over the past 20 years I can honestly say that I've never known the central London pipeline to be so short. Yet as the population continues to grow, I would expect to see an increase in prices to reflect this imbalance."

Two super-prime development launches & five wellness trends for 2020

Kate Donneky of Rhodium Residence Management

"There are two schemes launching next year which we are hugely excited about. Both developments bring an exciting new lease of life to iconic London architecture.

1. **Regent's Crescent (CIT):** Originally built in 1820 for the Prince Regent, later George IV, and designed by famed architect John Nash, Regent's Crescent offers residences of the grandest proportions, situated in one of London's great historical landmarks. Surrounded by private gardens in a fully gated development, the development includes 67 Grade I listed new build apartments and 9 garden villas. The scheme boasts 9,000 sq ft of entertainment, spa and business facilities with 24-hour concierge.
2. **No.1 Palace Street (Northacre):** A spectacular Grade II listed building opposite Buckingham Palace. The redevelopment will include 72 apartments, underground parking, communal courtyard garden, restaurant, extensive leisure facilities and full concierge service.

Wellness trends for 2020

- Extensive private training spaces as well as multi use spaces to be able to host friends for training/classes
- Separate catering/prep kitchens away from main living/entertaining areas to allow private chefs to prepare healthy targeted meals daily
  Relaxation spaces (free from tech)

- There is a rise in treatment rooms in developments which suggests an increase in focus on personal beauty/therapy, especially with more and more treatments becoming available at home, this also extends to individual apartments where the resident has their own mini spa.
- Prioritising the need for lots of natural light, direct access to green and landscaped areas, non-toxic building materials etc.
- In some schemes we are seeing social communal areas which promote wellbeing and social connections

Jason Orme, property expert for the Homebuilding & Renovating Show

"Location-wise, we would expect London and the South East to begin to regain some of the losses of previous years particularly as there is likely to be a bit more stability and certainty as to the political – and therefore economic – scene in 2020 compared to 2019. We're also likely to see particular parts of the Midlands and North begin to grow on the back of promises of improved infrastructure, so I would expect the affluent areas around the big cities of Birmingham, Leeds and Manchester to grow. Additionally, individual economic boosts are likely to create growth in other areas too which can have a big effect on prices regionally.

"In terms of sustainability, clearly there is a huge push for homeowners to reduce their home's carbon emissions, and as a result I expect to finally see some much-needed support announced for the retrofit and energy efficiency sector. This could range from financial incentives for the adoption of greener energy-generating measures (from boilers to solar panels) but more likely there will be significant support for reducing heat demand in existing homes – insulation, better windows and so on. At the very least I'd expect there to be changes to the VAT regime around works to existing homes so that people aren't taxed for improving their home in this way.

"Design wise, there will be a continuing growth in appreciation of natural materials – in particular wood – as an internal finish as people look for softer, warmer tones. But don't forget that, as we enter a new decade, we're also seeing widespread adoption of smart home technology at a retail level, so 2020 may well provide us the type of home that works for us that we all dreamed about decades ago. Where people have the space, I expect to see greater adoption of flexible living, with multi-functional 'day' spaces combining the eating, cooking and living function and then more cosy 'night' spaces."