

## SELL MY HOME: DELAYING THE START OF THE 24-HOUR TUBE SERVICE COULD HAVE COST HOMEOWNERS DEARLY

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In Summer 2015, online estate agents SellMyHome commissioned Dataloft to calculate the potential increase in capital value of apartments surrounding stations with a night tube service. Now, almost six months on, and with no night tube service in operation, SellMyHome asked Dataloft to revisit the statistics and calculate how much potential value growth may have been lost as a result of the delay to the service.

### 1. KEY FINDINGS

- Average growth in the price of an apartment sold across London over the last 6 months has been 2.5%
- The postcode districts surrounding the top scoring 15 stations identified in the initial night-tube research have seen apartment prices rise by an average of 6.7%.
- If night tube attracted a premium of 5% on capital values – the average amount lost per apartment due to delay would be £20,147 across the top 15 locations
- If night tube attracted a premium of 10% on capital values – the average amount of capital value lost per apartment would be £40,295 across the top 15 locations
- There are some 51,244 apartments in the postcode sectors that are home to the fifteen stations (based on 2011 Census)
- The combined value of those apartments could have risen by £937.8 million if the night tube service had added an additional 5% premium to prices.
- If the night tube added a 10%, the loss in capital value as a result of the delay is £1.876bn (£1.9 bn)

### 2. THE ORIGINAL RESEARCH

- The original Night Tube analysis sought to identify locations where the introduction of a 24-hour tube service was likely to stimulate strongest house price growth.
- Postcode districts surrounding 50 Zone 2 and Zone 3 stations on the late night tube network were analysed according to the range of variables set out below, data sources are shown in brackets:
  - a. % of residents in the target population groups (students, and those aged 20-29) (Census, 2011)
  - b. Relatively low current prices and /or rents compared to London averages (Land Registry and Rentonomy)
  - c. % of residents living in apartments compared to London average (Census, 2011)
  - d. Lower than average price growth over the last five years (Land Registry)
  - e. Journey times and cost savings specific to the night tube. Piccadilly Circus taken as the hub for London's night-time economy; with all journeys measured from this point to the relevant tube station (Transport for London and taxifarefinder.com)

- Each tube station was given a score of 1 if they satisfied the criteria listed in table 1 below. The scores were then aggregated to identify the housing market with greatest potential.
- 15 of the 50 stations achieved a score of 5 or more and were therefore the locations we expect to benefit most from a house price premium.
- It is reasonable to suggest that the additional demand from investors and owner-occupiers could boost house price growth by an additional 5–10% above the baseline for the wider locality for homes within a half-mile radius of a station offering the new night tube service.
- Studies conducted on the impact of Crossrail estimate that house prices are likely to grow by an additional 20–25% over the baseline increase for an area impacted by the new rail service. The benefits of a completely new line, offering significantly faster commuter journeys, far outweighs the introduction of a night-time service at weekends at existing stations, nevertheless, a premium of 5-10% above baseline seems reasonable in this context.

**Table 1: Night-Tube Price Premium Criteria**

	Score
Average sale price of an apartment below the London average	Yes=1 No=0
Average price growth for apartments over last five years less than 40%	Yes=1 No=0
Average rent for two-bed apartment below £350 per week	Yes=1 No=0
Time saving on journey from Piccadilly Circus over ten minutes	Yes=1 No=0
Proportion of residents aged 20–29, above London average	Yes=1 No=0
Proportion of residents privately renting above the London average	Yes=1 No=0
Proportion of full-time students higher than London average	Yes=1 No=0
Cost saving of over £15 compared with taxi fare, based on two people sharing a taxi	Yes =1 No=0

### 3. CALCULATING THE POTENTIAL HOUSE PRICE IMPACT OF THE DELAY OF THE NIGHT-TUBE

- The Night-Tube Service was due to commence operation on 12<sup>th</sup> September 2015, providing 144 tube stations with 24 hour services during weekends.
- This update report has estimated the loss of potential price growth as a result of the delay in the start of the Night Tube service. We calculated:
  - Average sales prices of apartments across London, and growth/fall in prices within each of the 50 postcode districts originally investigated, between the first six months (January – June) and last six months (July – December) of 2015.
  - The dwelling stock of the postcode sectors in which each of the tube stations lie, with the exception of Canary Wharf where we have taken data from E14 9 as opposed to E14 4 due to the mass of development ongoing. Total stock data has been taken from Census 2011 and does not take into consideration any completions since the Census.

#### 4. ESTIMATING THE IMPACT OF THE DELAY ON AVERAGE CAPITAL VALUES OF AN APARTMENT

- Average growth in the price of an apartment sold across London over the last 6 months has been 2.5%
- The postcode districts surrounding the top scoring 15 stations identified in the initial research have seen apartment prices rise by an average of 6.7%.
- Across the fifteen individual areas, price growth of apartments has been mixed. Stratford, and the areas around Turnpike Lane/Seven Sisters and Acton have recorded the highest level of growth.
- If the night tube attracted a premium of 5% on capital values – the average gain lost per apartment due to delay could be £20,147 across the top 15 locations
- If night tube attracted a premium of 10% on capital values – the average gain lost per apartment could be £40,295 across the top 15 locations

Line	Station	Zone	Post code	Score	Average sales price (1)	Average sales price (2)	Price Growth	Average capital lost if 5% premium	Average capital lost if 10% premium
Central / Jubilee	Stratford	3	E15	8	£275,230	£330,003	19.9%	£16,500	£33,000
Jubilee	Willesden Green	2&3	NW2	7	£500,596	£457,090	-8.7%	£22,855	£45,709
Central	Mile End	2	E3	7	£348,558	£375,982	7.9%	£18,799	£37,598
Jubilee	Canada Water	2	SE16	7	£441,697	£469,111	6.2%	£23,456	£46,911
Central	North Acton	2&3	W3	6	£376,630	£421,531	11.9%	£21,077	£42,153
Piccadilly	Turnpike Lane	3	N15	6	£295,271	£345,594	17.0%	£17,280	£34,559
Central	Leytonstone	3&4	E11	6	£283,926	£299,508	5.5%	£14,975	£29,951
Jubilee	North Greenwich	2&3	SE10	6	£424,613	£428,425	0.9%	£21,421	£42,843
Jubilee	Bermondsey	2	SE16	5	£441,697	£469,111	6.2%	£23,456	£46,911
Piccadilly	Acton Town	3	W3	5	£376,630	£421,531	11.9%	£21,077	£42,153
Victoria	Seven Sisters	3	N15	5	£295,271	£345,594	17.0%	£17,280	£34,559
Jubilee	Canary Wharf	2	E14	5	£425,497	£454,502	6.8%	£22,725	£45,450
Piccadilly	Bounds Green	3&4	N11	5	£341,620	£346,249	1.4%	£17,312	£34,625
Piccadilly	Manor House	2&3	N4	5	£447,138	£439,987	-1.6%	£21,999	£43,999
Piccadilly / Victoria	Finsbury Park	2	N4	5	£447,138	£439,987	-1.6%	£21,999	£43,999

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1 - Land Registry (apartments sold 1st Jan 2015 – 30<sup>th</sup> June 2015)

2 - Land Registry (apartments sold 1<sup>st</sup> July 2015 – 31<sup>st</sup> December 2015) Source:

- The postcode districts surrounding the other stations included in the original research have seen the average price of an apartment sold rise by 3.9%.
- Properties within the immediate vicinity of a Zone 2 station could have lost out on an average increase of £32,570 in value based on a 5% premium or £65,140 based on a 10% premium
- Properties within the immediate vicinity of a Zone 3 station could have lost an average of £18,975 increase in capital value based on a 5% premium and £37,951 based on a 10% premium

## 5. CALCULATING THE IMPACT ON THE AGGREGATED VALUE OF APARTMENTS

- There are some 51,244 apartments in the postcode sectors surrounding the top 15 locations (based on 2011 Census, not taking into consideration any new development in the last 4 years and Canary Wharf E14 9)
- The combined value of those apartments, based on average values of properties sold, could have risen by £937.8 million if the night tube service had added an additional 5% premium to prices.
- If the night tube had added a 10% premium to prices, the loss in capital value as a result of the delay could be £1.876bn (£1.9 bn)

### Night tube: top-scoring locations – Impact of delay on combined capital values

Line	Station	Zone	Post code	Score	No. of apartments (2011 Census)	Total capital lost 5% premium	Total capital lost 10% premium
Central / Jubilee	Stratford	3	E15 1	8	3091	£51.0 mill	£102.0 mill
Jubilee	Willesden Green	2&3	NW2 4	7	2696	£61.6 mill	£123.2 mill
Central	Mile End	2	E3 4	7	4700	£88.4 mill	£176.7 mill
Jubilee	Canada Water	2	SE16 7	7	2694	£63. mill	£126.4 mill
Central	North Acton	2&3	W3 6	6	3822	£80.6 mill	£161.1 mill
Piccadilly	Turnpike Lane	3	N15 3	6	2447	£42.3 mill	£84.6 mill
Central	Leytonstone	3&4	E11 1	6	3029	£45.4 mill	£90.7 mill
Jubilee	North Greenwich	2&3	SE10 0	6	2140	£45.8 mill	£91.7mill
Jubilee	Bermondsey	2	SE16 4	5	2802	£65.7 mill	£131.4mill
Piccadilly	Acton Town	3	W3 8	5	3360	£70.8 mill	£141.6mill
Victoria	Seven Sisters	3	N15 5	5	2043	£35.3mill	£70.6 mill
Jubilee	Canary Wharf*	2	E14 9	5	7804	£177.3 mill	£354.7 mill
Piccadilly	Bounds Green	3&4	N11 2	5	1749	£30.3 mill	£60.6 mill
Piccadilly	Manor House	2&3	N4 1	5	3643	£80.1 mill	£160.3 mill
Piccadilly / Victoria	Finsbury Park	2	N4 3	5	4568	£100.5 mill	£200.1 mill

Source: Sell My Home / Dataloft

\*Number of apartments at Canary Wharf based on postcode sector E14 9, the station itself is based in postcode sector E14 4.