

Paddington

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Paddington has become a truly mixed use and diverse London destination. Office, retail, leisure and residential development have been interwoven around the canal system to create a vibrant, welcoming and exciting place to live, work and socialise. The highly connected transport hub, Paddington station, is being reconfigured to cater for the opening of the new Elizabeth Line (Crossrail), which will make Paddington even better connected to London's three main employment hubs – the West End, the City and Canary Wharf.

Looking forward, there are still a small number of commercial and residential developments to be built that will further enhance the appeal and spirit of Paddington. These include 1 Paddington Square, The Triangle, 5 Kingdom Street and 1, 2 and 6 Merchant Square. Once these are finished, future development opportunities will be constrained, but the current, exciting evolution of Paddington will be complete. We expect residential sales price and rental growth to accelerate once a positive Brexit resolution is agreed, boosted by the opening of Crossrail.



Neil Chegwidden
Residential Research



Paddington

Sales and lettings markets

There have been 158 new unit sales in Paddington in the year to Q2 2019. A number of schemes have been selling units including West End Gate, Paddington Gardens and No.3 Canalside Walk.

Buyers and renters are attracted to the area for a number of reasons. These include the excellent transport connections, which will be further enhanced when Crossrail opens, the close proximity to the West End and the pleasant surroundings of the Grand Union Canal and Little Venice. The whole area is overseen by the Paddington Partnership, which also stages events, especially in the summer, helping to create a vibrant, inclusive and entertaining environment.

The area is popular with both owner-occupiers and renters, which also makes Paddington an attractive residential investment opportunity.

There are a number of large local employers, such as Visa, Marks & Spencer and Vodafone, as well as several other businesses. These help create a busy weekday environment and a ready-made group of potential residents. Additionally, Derwent London's new office property, Brunel Building, next to No.3 Canalside Walk, has recently become fully let. Occupiers include Sony Pictures, The Premier League and Coach.

Pricing and rents

New-build pricing in Paddington typically ranges between £1,400 and £1,800 psf. In excess of £2,000 psf has been achieved on the upper floors of some developments, especially those that overlook Hyde Park, Regent's Park and London's skyline.

Rents for a one bedroom apartment in Paddington typically range between £575 and £750 pw, while two bedroom apartments typically let for £625 to £825 pw.

Buying opportunities at new schemes

There are 1,003 private units under construction in Paddington. 643 of these are in the first phase of Berkeley Homes' West End Gate. The scheme is well underway with first completions due in mid-2020.

Meanwhile Meritas Real Estate is nearing completion of its 271 unit Paddington Gardens scheme. 65 units completed earlier this year with the remainder due to finish shortly.

The next largest scheme under construction is European Land's No.3 Canalside Walk. The scheme is one of several developments by European Land in the area and it's first since completing 3 Merchant Square in 2014. It is 85% sold.

There are two other schemes under construction. Westminster City Council is developing the 41 private unit Parsons North while Almacantar has its 29 unit Lyons Place scheme on Edgware Road underway.

Restricted pipeline going forward

In all there are 530 units in the planning pipeline in Paddington. These will be located in just three developments.

The largest scheme in planning is The Cucumber (1 Merchant Square), which is European Land's next phase of Merchant Square. It has planning for 271 private units. As part of the same scheme, European Land also has consent for 88 private units adjacent to The Cucumber.

The other scheme in planning is the second phase of Berkeley Homes' West End Gate development which has a separate planning consent for 171 private units.

As well as residential development, the Sellar Property Group's Paddington Cube office-led mixed use scheme in Paddington Square is also under construction. A number of other large office developments are also in the planning pipeline, all of which will enhance the appeal and the potential residential tenant pool of Paddington.



Typical new build pricing (£psf)



Typical new build rents (£pcm, one bedroom apartment)



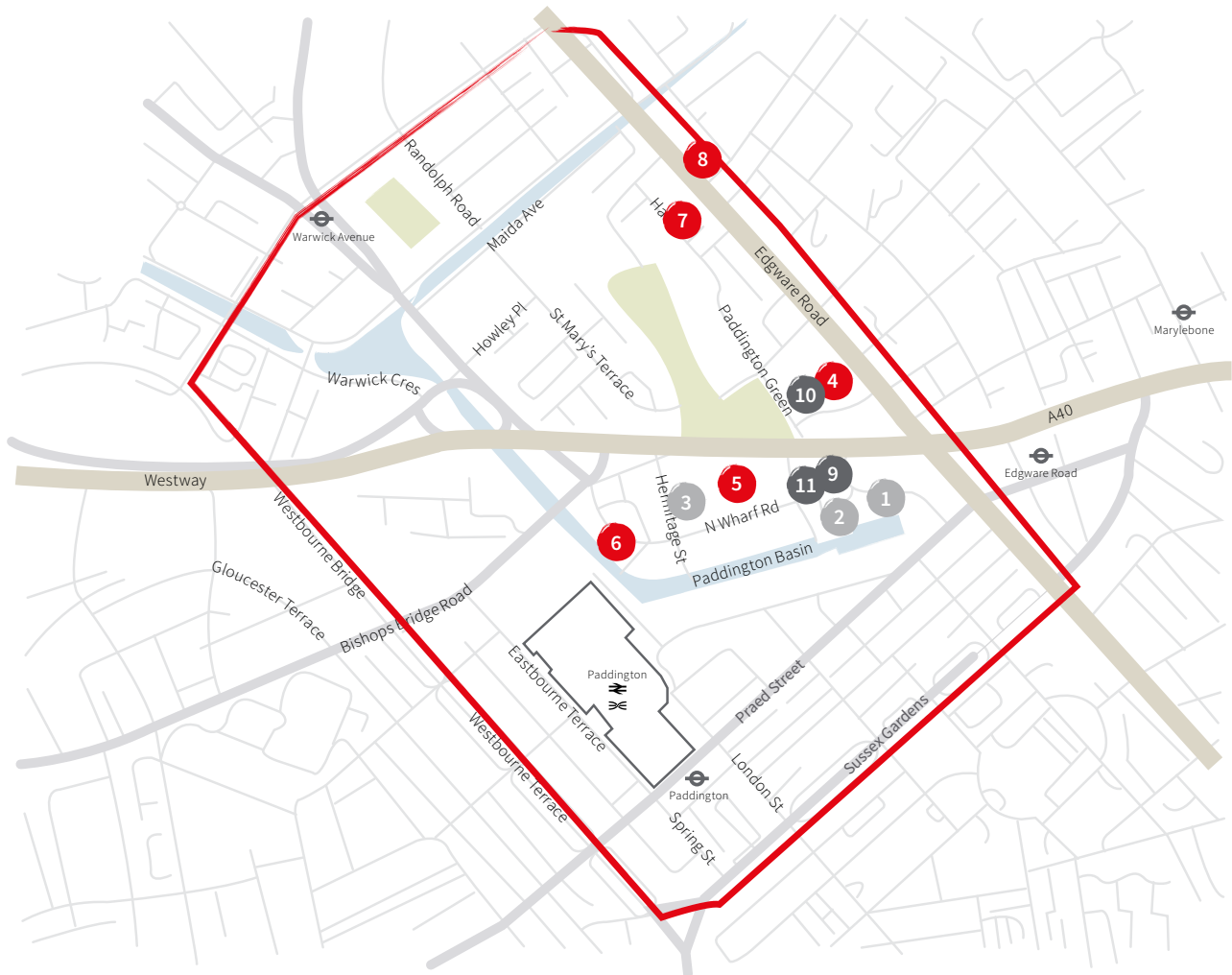
Units under construction



Units in planning pipeline

Paddington

Key developments



● Completed
 ● Under construction
 ● In planning

Map ref	Scheme	Developer	Private units	Status
1	4 Merchant Square	European Land	152	Completed 2010, part BTR, all sold
2	3 Merchant Square	European Land	159	Completed 2014, all sold
3	Paddington Exchange	Taylor Wimpey	123	Completed 2017, all sold
4	West End Gate - Phase 1	Berkeley Homes	643	Under construction, for sale
5	Paddington Gardens	Meritas Real Estate	271	Under construction, for sale
6	No.3 Canalside Walk	Berkeley Homes	84	Under construction, for sale
7	Parsons North	Westminster City Council	41	Under construction, not launched
8	Lyons Place	Almacantar	29	Under construction, for sale
9	1 Merchant Square – The Cucumber	European Land	271	Permission, not launched
10	West End Gate - Phase 2	Berkeley Homes	171	Permission, not launched
11	6 Merchant Square	European Land	88	Permission, not launched

Source: JLL, Molior. Data correct as at July 2019. Schemes with 25 or more private units.

Outlook

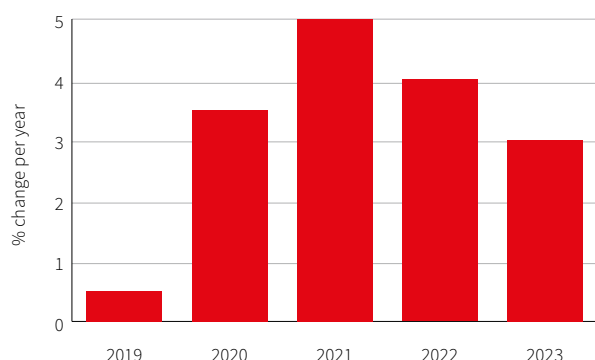
Paddington has evolved into a busy residential, commercial and leisure environment.

There is still a phase of the Paddington evolution to come with a number of commercial and residential developments yet to be built. The area will also benefit significantly from Crossrail, once it has become operational.

Once the planned developments are finished, the current chapter of the Paddington story will be complete. Beyond this, we expect future development opportunities will be constrained.

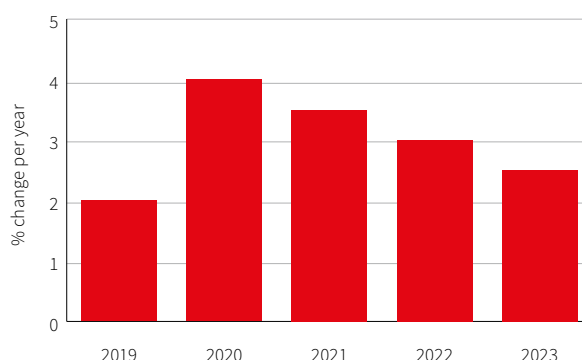
We expect residential sales price and rental growth to accelerate once a positive Brexit resolution is agreed. The area, residential prices and rents will also be boosted by the opening of Crossrail.

Price growth set to rise after Brexit and Crossrail



Source: JLL

Rental growth to be boosted when Crossrail opens



Source: JLL

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