

RESIDENTIAL RESEARCH



# FOCUS ON: STAINES-UPON- THAMES

2016



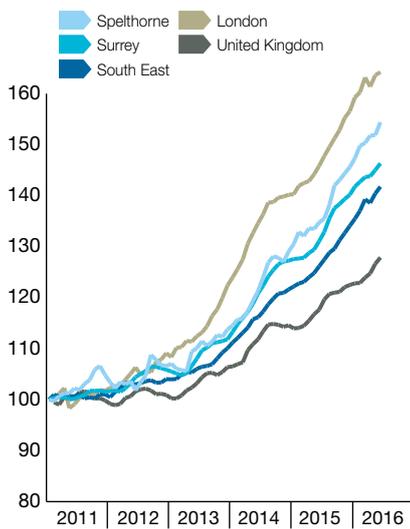
AFFORDABILITY

SUPPLY VS DEMAND

COMMUTER LOCATION COMPARISON

# ALL IN THE NAME

FIGURE 1  
Price growth in Spelthorne, Surrey, South East, London and UK



Source: Knight Frank Research/UK HPI

Over the last 10 years the town of Staines has been rejuvenated, culminating in a name change to Staines-upon-Thames in 2012.

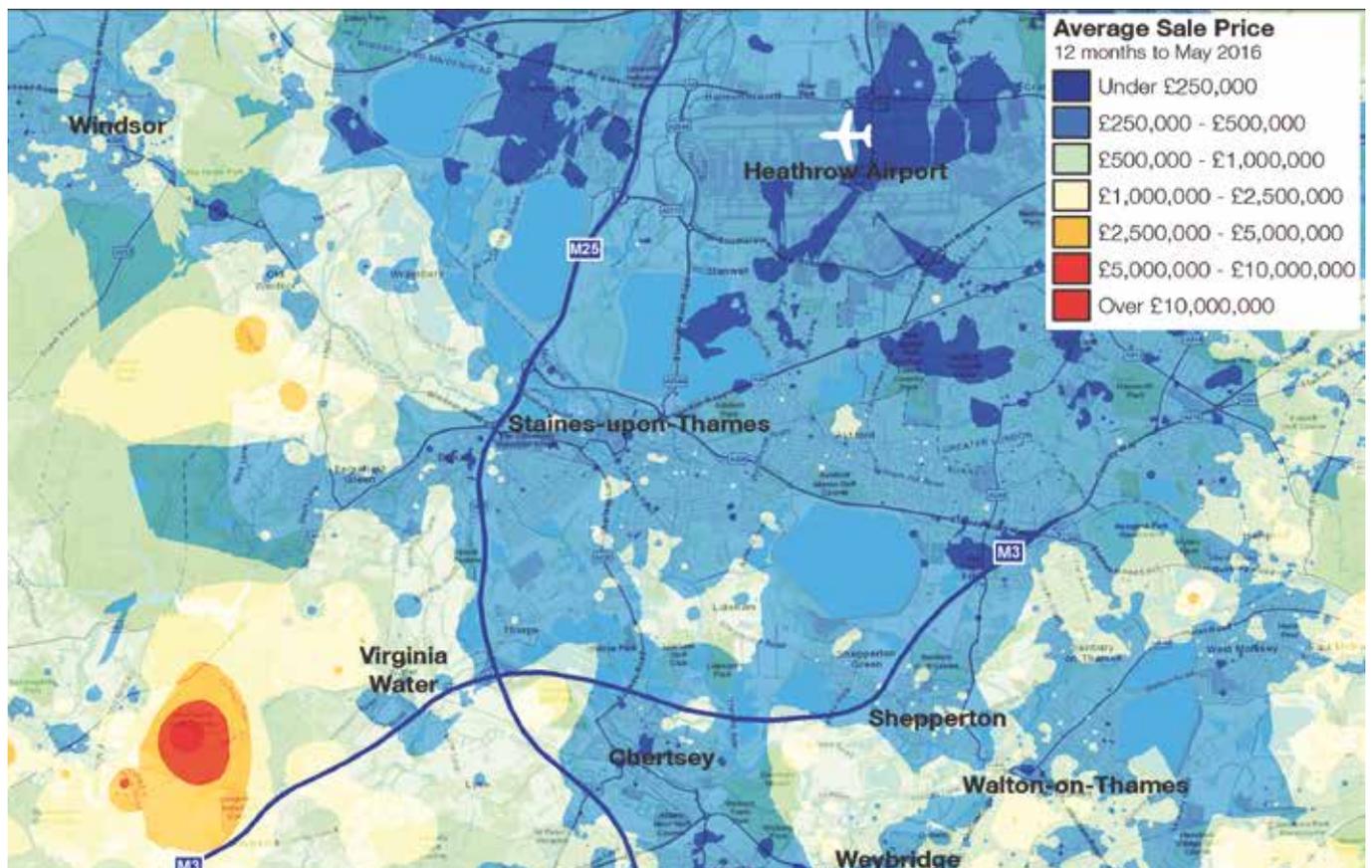
Emphasising the towns growing popularity, Staines-upon-Thames was named as the number one location in the UK to start a business in 2014 by UHY Hacker Young. Situated in the small borough of Spelthorne in Surrey, in close proximity to Heathrow Airport, the M25 and the M4 Corridor, Staines-upon-Thames forms part of the Enterprise M3 Local Economic Partnership, the UK's digital economy hub employing over 50,000 workers.

On top of a burgeoning local economy, Staines-upon-Thames is surrounded by some of the most expensive real estate in the UK outside of London (figure 2). Towns such as Virginia Water, Walton-on-Thames, Windsor and Weybridge

form part of London's prime commuter belt. However, this has traditionally resulted in Staines-upon-Thames being an undervalued market given its geographical location.

Average values increased 6.3% year-on-year in Staines-upon-Thames in the first quarter of this year according to the UK House Price Index. However, this sits below house price growth in the South East as well as the UK, while values in Staines-upon-Thames equate to just two thirds of the average price in Surrey. Nevertheless, the gap is closing, as evidenced by figure 1 with house price growth in Spelthorne outpacing that in Surrey for the last two years.

FIGURE 2  
Average sale price in the last 12 months



## Commuter belt affordability

Official data shows that Spelthorne has one of the lowest house price to income ratios – a common measure of affordability – in Surrey. Latest data from the Department for Communities and Local Government (DCLG) shows house prices in Spelthorne are 9.9 times the average salary, below the South East average of 10.3.

This is likely to attract greater numbers of Londoners to the town in search of greater internal and external space for their investment. In fact, data from the Office for National Statistics suggests this is already occurring – nearly two thirds (60%) of residents moving to Spelthorne were from London in 2015, up from 53% in 2013.

The Private Rented Sector is the fastest growing tenure type across the UK and accounts for a fifth of the housing stock in Staines-upon-Thames (figure 5). Demand for rented accommodation is mainly from young professionals as well as students at the Royal Holloway University in Egham, one of the UK's top 20 universities and home to more than 9,000 students. Monthly rental values currently average £1,205, representing a 6.9% increase on an annual basis, slightly outperforming house price growth, an indication of increasing demand.

Furthermore, values are 25% below the average rent in London. As such, gross yields in Staines-upon-Thames currently average 4.8%.

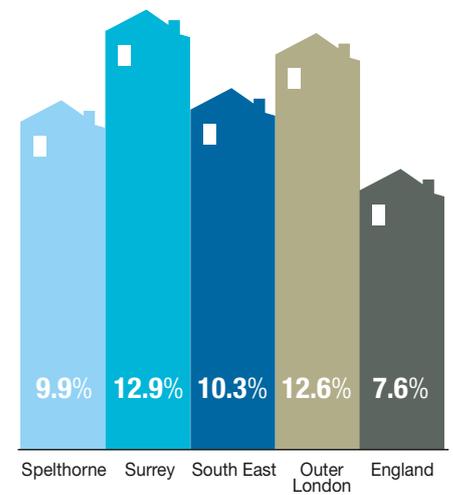
## A lack of new homes

As a whole, the UK has a chronic undersupply of new homes and Staines-upon-Thames is no exception. Although the town has benefited from regeneration to improve its commercial offering, this has yet to extend to the new homes market. In the last five years, 307 new homes have been built while a further 103 homes are currently under construction (figure 5), according data from Glenigan. Meanwhile, 730 private homes were delivered in Spelthorne over the same period. However, household projection data in 2011 stated 1,675 new homes were needed by the end of 2015, so this target was missed by more than 50%.

Over the next five years current projections place the number of new households in Spelthorne at 3,000, yet current pipeline figures imply supply will undershoot demand by a third. Of developments within the pipeline two developments exceed 200 units, both of which are located in Staines-upon-Thames on the High Street and Bridge Street, suggesting new homes supply in the borough will be focused in and around the town.

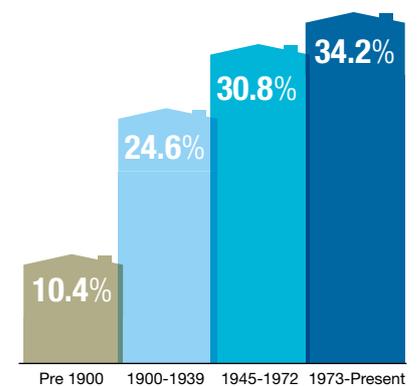
Due to the average house price in Staines-upon-Thames, the Government's Help to Buy scheme will continue to support new homes sales. A total of 81 homes have been purchased through the Help to Buy Equity Loan scheme in Spelthorne, accounting for a fifth of new homes completions since its inception

FIGURE 3  
House price to earnings ratio



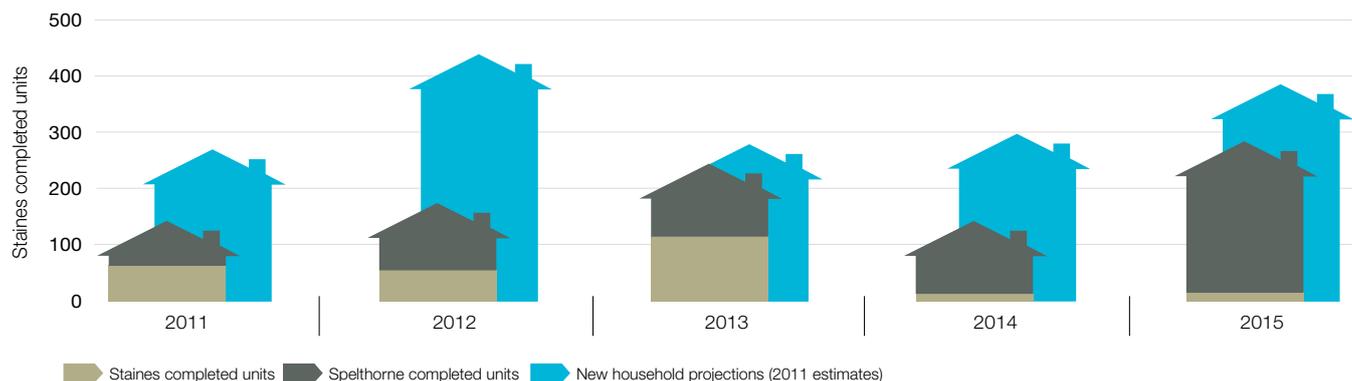
Source: Knight Frank Research/DCLG  
Based on median house prices and incomes

FIGURE 4  
Housing stock by age  
Staines-upon-Thames



Source: Knight Frank Research

FIGURE 5  
Housing supply below demand



Source: Glenigan/DCLG

in April 2013. Coupled with the backlog already in place after long-term under supply and supply demand imbalance, such factors are likely to underpin price growth moving forward.

### Connectivity

Due to its proximity to Heathrow, the airport and the air freight sector is one of the largest local employers in Staines-upon-Thames, with over 6,000 employees of the airport living in the borough of Spelthorne. Other large employers include BP, Shepperton Studios, British Gas and Wood Group Kenny. As such, a considerable proportion of working residents in

Staines commute to neighbouring boroughs as opposed to central London. This is evidenced by commuting data from the ONS as, of the 18,001 residents commuting to London boroughs, 54% work in Hounslow and Hillingdon. Conversely, just over 10% commute into Westminster, the City of London and Tower Hamlets.

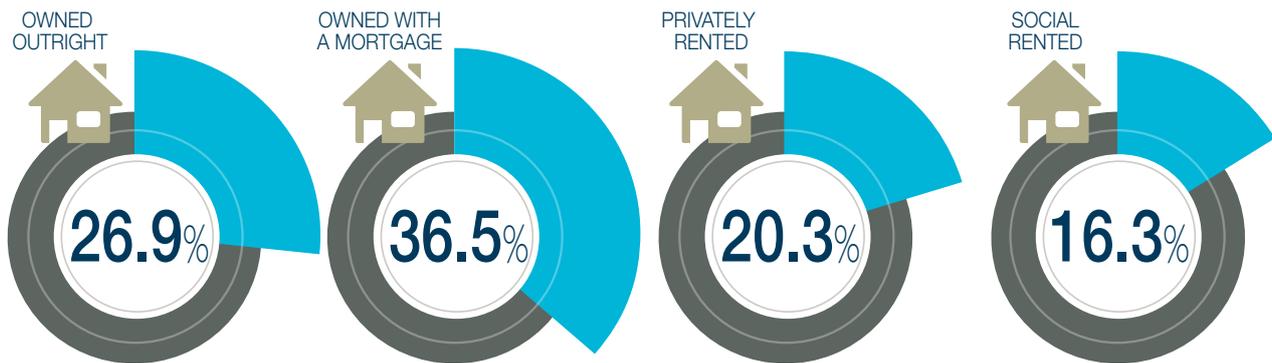
However, the potential is certainly there for Staines-upon-Thames to establish itself as a commuter location. The fastest trains into London Waterloo take 37 minutes, a commute on a par with Weybridge and faster than nearby Windsor, Chertsey, Virginia Water and Egham as shown in figure 7. Annual

season ticket prices are also lower than stations in the surrounding area.

Meanwhile, from 2019, Crossrail (Elizabeth Line) will run from Reading to Shenfield via central London, cutting journey times for millions of commuters. Those living in and around Staines-upon-Thames will be within a 15 to 20 minute drive of three Crossrail station at Iver, West Drayton and Hayes and Harlington. Travel times to Bond Street will be reduced from 38 to just 25 minutes from the three stations, with Liverpool Street and Canary Wharf 33 minutes and 40 minutes away respectively

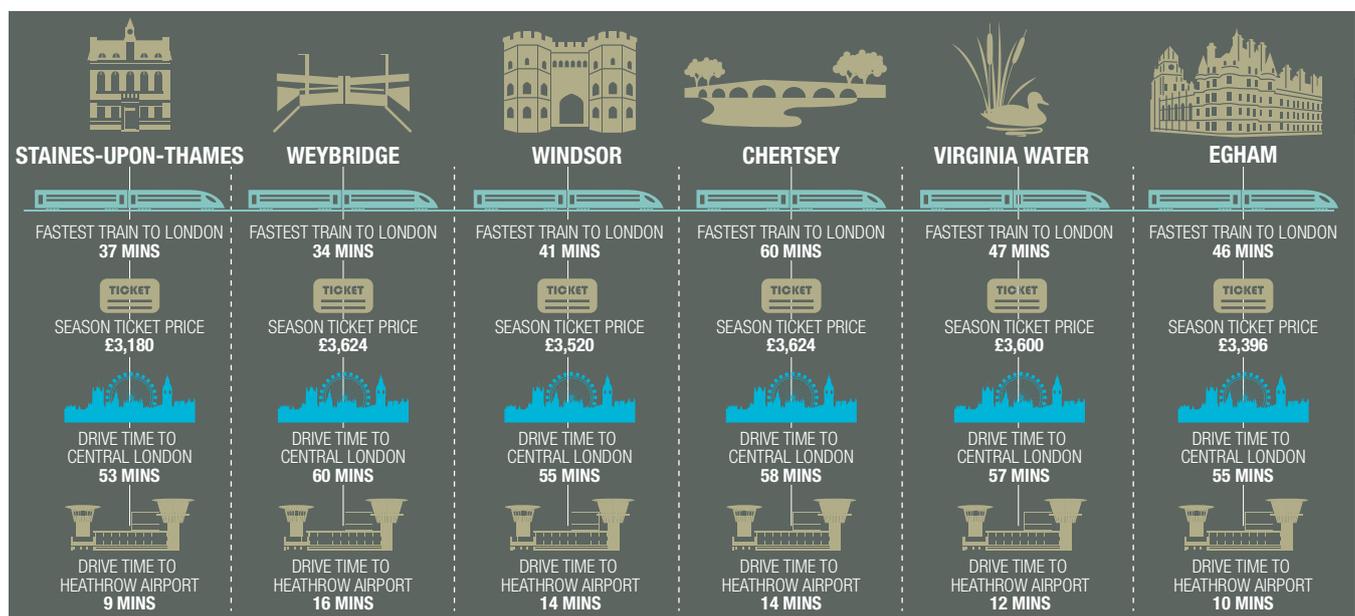
Further ahead, proposals for Crossrail 2 include a regional branch from Raynes

FIGURE 6  
Tenure in Staines-upon-Thames



Source: ONS

FIGURE 7 Commute and travel time comparison



Park to Shepperton, providing Staines-upon-Thames with a fourth Crossrail station within a 20 minute drive of the town centre. However, it is worth noting that Crossrail 2 is not expected to be operational until at least 2030. Long term this will help to attract further business growth within the area, as will plans for a rail link to Heathrow Airport as part of a £200 million rail link from Staines-upon-Thames to Slough.

### A local retail hub

Staines-upon-Thames possesses the characteristics to establish itself amongst its neighbours in London’s prime commuter belt. Lining both banks of the River Thames the town enjoys almost four miles of river frontage with large homes, pubs and restaurants overlooking the river, interspersed by rowing clubs. Meanwhile, the town hosts a local market three times a week and is on the edge of the Colne Valley Regional Park, a popular location for walkers, runners and cyclists.

The local education offering is also a draw. In the borough of Spelthorne there are 33 schools of which three are rated outstanding by Ofsted, two within Staines-upon-Thames itself. Furthermore, an additional 23 schools within the borough are considered good or very good. Such a large provision of quality schooling will certainly appeal to young families looking to move out of London in the search for more space.

### Outlook

The combination of affordability, a direct train link into London in less than 40 minutes, a bustling high street, almost four miles of river frontage, proximity to green spaces and Heathrow Airport will all continue to contribute towards Staines-upon-Thames becoming increasingly popular with London commuters, particularly with more Londoners leaving the capital than ever before.

**21.2%**  
forecasted house price growth 2016-2020

## KEY FACTS



House price forecast 2016-2020: **21.2%**



Home-ownership: **63.4%**, in line with UK average



New homes potential pipeline: **961 new homes**



**Proposal for a rail link** to Heathrow Airport Terminal 5 Local Retail Hub



Average monthly rent: **£1,205**



Private Rented Sector **20.3%**



Fastest train to London Waterloo: **37 minutes**



**3.82 miles** of river frontage in Staines-upon-Thames



Average gross yield: **4.8%**



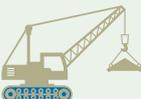
New homes delivery last five years: **307 new homes**



**Best location in UK** to start a business in 2014



**2 Schools** in Staines-upon-Thames rated outstanding



New homes under construction: **103 new homes**



**20 minute drive** from three Crossrail stations (from 2019)



**79% of schools** in Spelthorne rated good, very good or outstanding

Source: Knight Frank Residential Research



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