

Adaptive Spaces

The Hot 100 2024

REPORT

UK
RESIDENTIAL

CBRE RESEARCH

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Introduction

London is a thriving, dynamic city, and an attractive place to live for many. There are many reasons for this including its cultural offering, universities, green spaces, and sports facilities. And the 33 distinct boroughs that make up London all offer something different to its residents.

This edition of our Hot 100 report examines the differences across the boroughs and reveals which London boroughs rank highest for:

- Projected economic growth
- Projected population growth
- Projected growth in the private rented sector
- Average rents
- Average first time buyer house price
- Total housing development
- Build-to-Rent development
- Affordable housing development
- Energy efficient homes
- Outstanding education



Projected Economic Growth

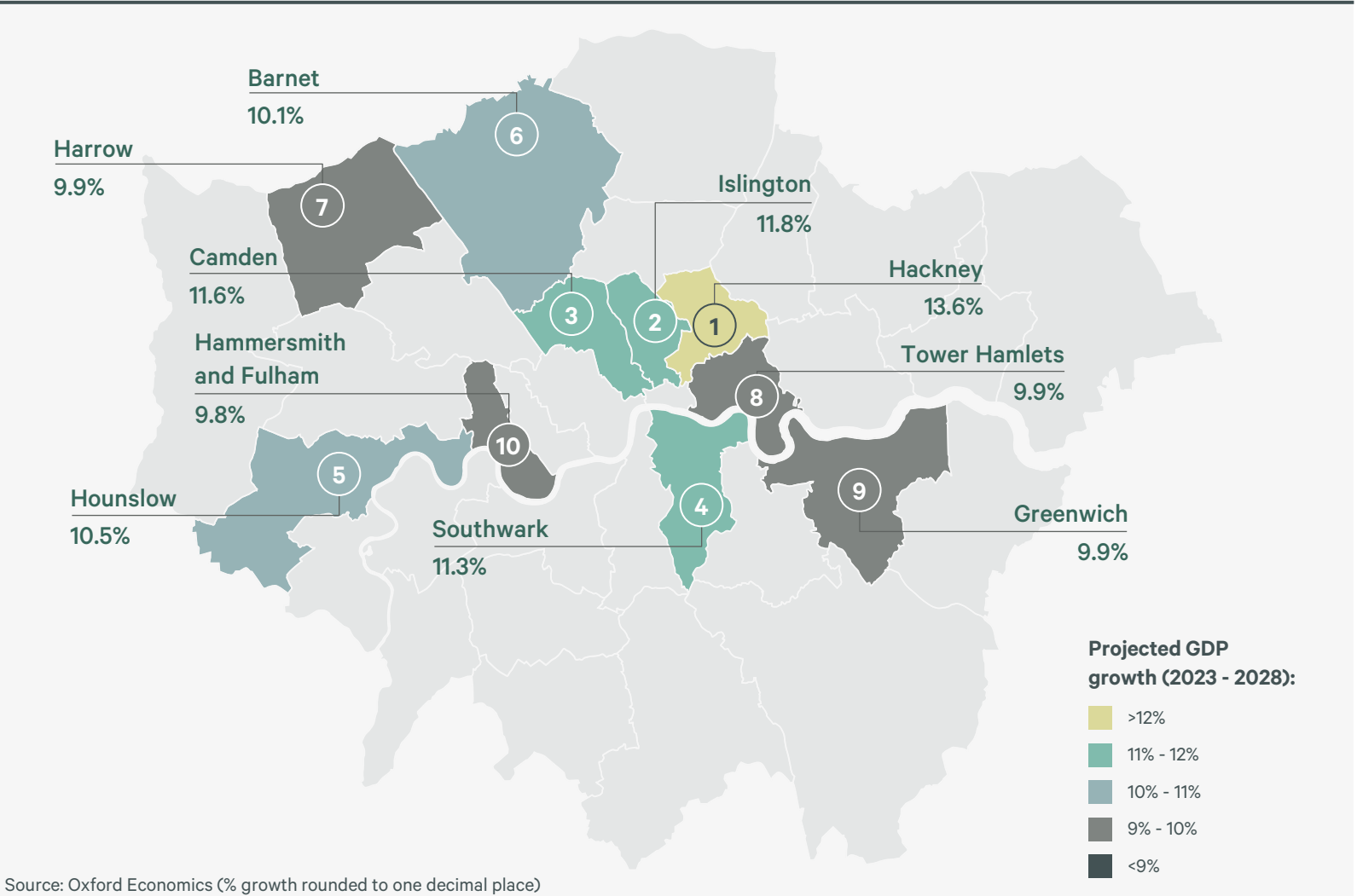
London is renowned as a global economic and financial hub and it contributes around 23% to UK Gross Domestic Product (GDP), despite only having 13% of the population. By looking at the projected real growth of GDP for each borough, we gain insight into which areas will contribute most to London’s economy. Higher GDP growth reflects the areas of high economic activity and employment, which will likely equate to higher demand for housing.

RESULTS

Real GDP forecasts from Oxford Economics over the next five years show that economic growth will be highest in Hackney, Islington, and Camden. These boroughs are well known for having a large share of creative and tech industries, which are well established growth sectors.

7.9%

Projected five-year
GDP growth for London



Projected Population Growth

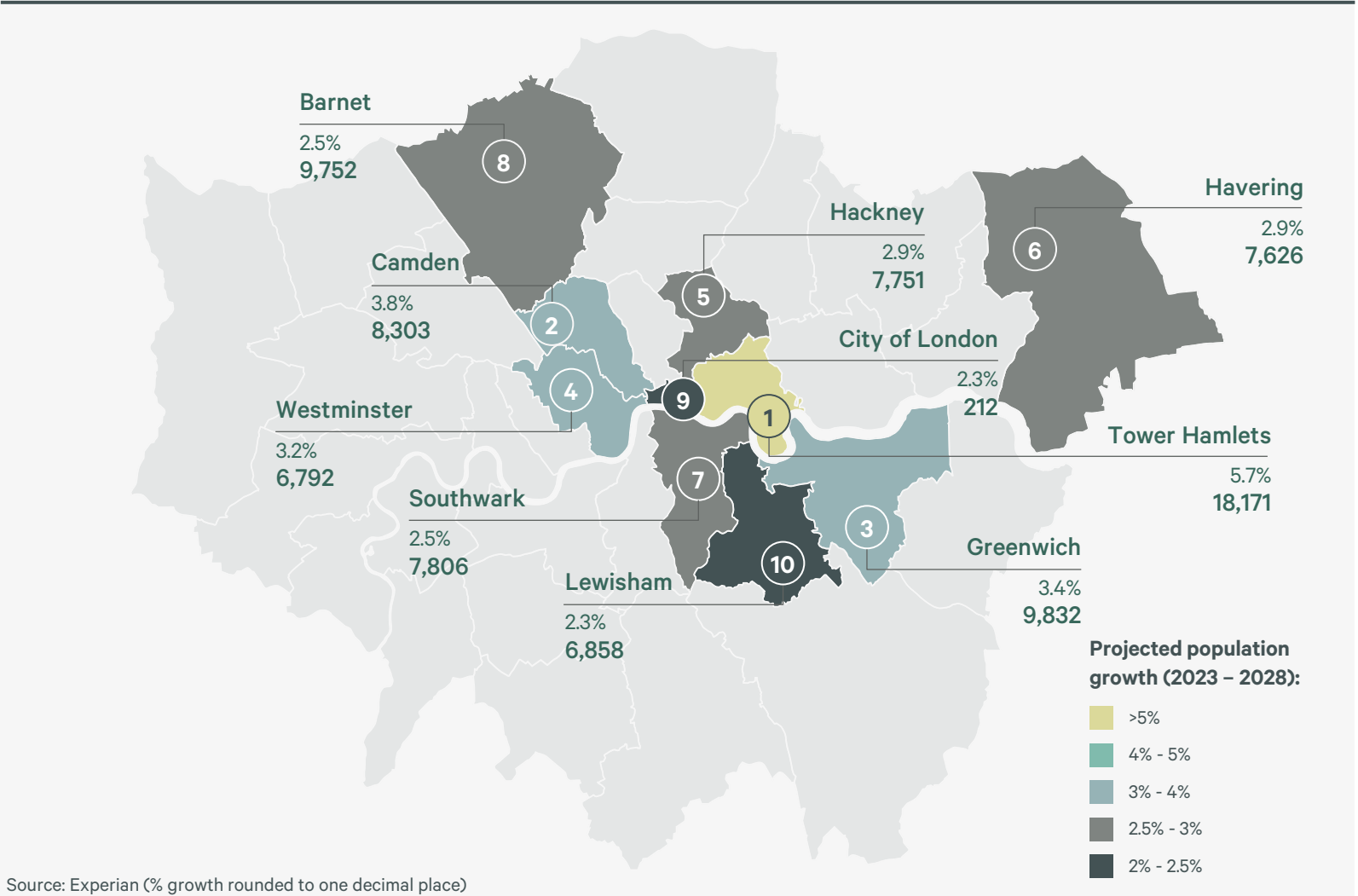
After increasing by around 9% over the last decade, London’s population currently stands at 9.5 million. The city’s thriving culture continues to draw professionals, students, and families, maintaining high demand to live in the capital. Projected population growth estimates give an insight into potential future housing demand across London’s boroughs.

RESULTS

We ranked the boroughs based on a five-year population estimate from 2023 to 2028. Tower Hamlets ranked first, with a projected increase of 6% or 18,170 people. In second and third place were Camden and Greenwich at 4% and 3%, respectively, equating to an additional 18,135 people in total.

148,000

projected population
increase across London
over the next five years



Projected Growth in the Private Rented Sector

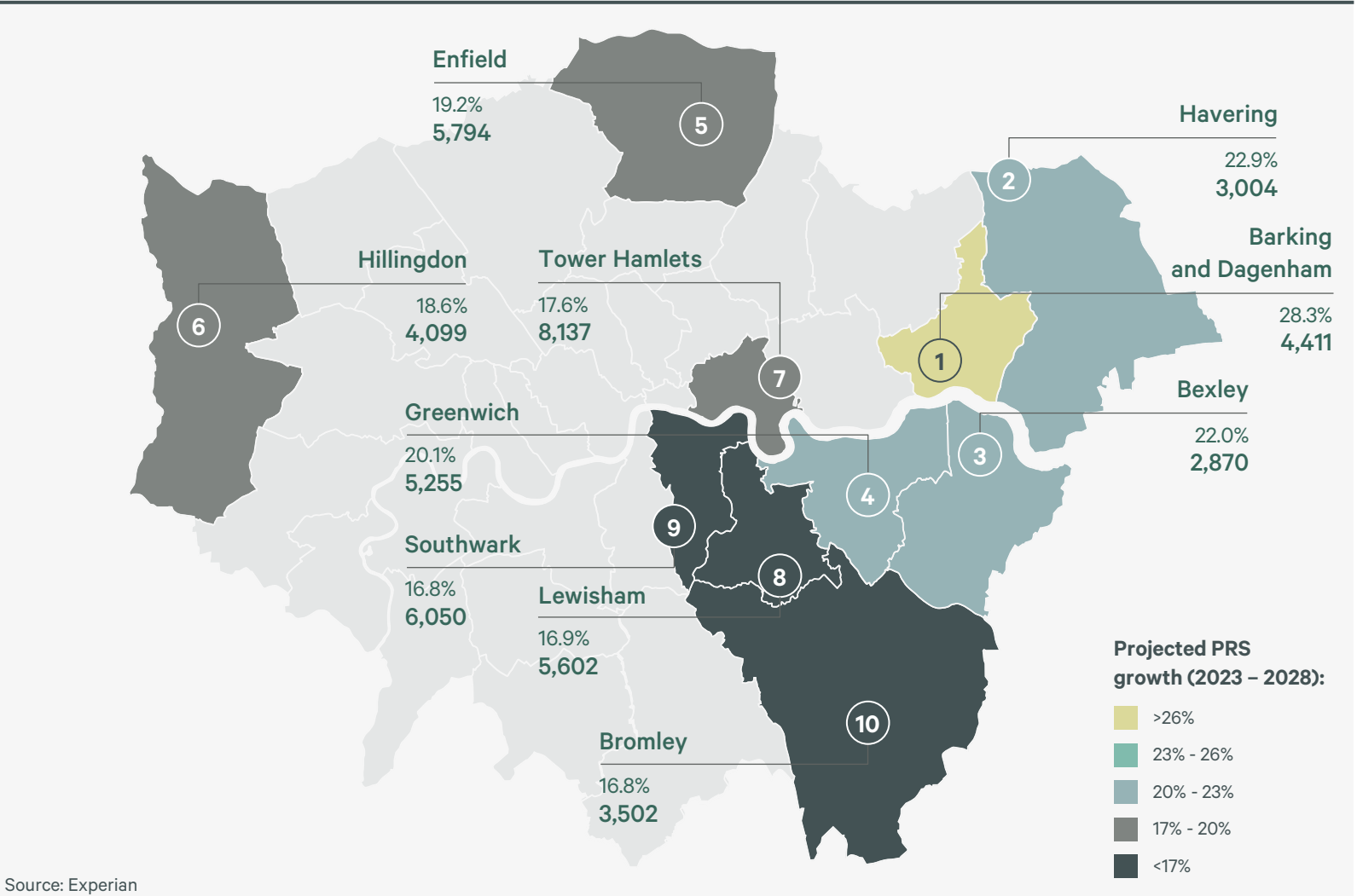
London is home to approximately 2.7 million private renters and demand for rental homes in the city was extremely strong in 2023. Assessing the projected growth in privately rented households gives an insight into the potential future demand for rental homes in these areas.

RESULTS

Barking and Dagenham is projected to see a 28% increase in private rental housing over the next five years, according to Experian. This equates to an additional 4,400 rented households. This was followed by Havering at 23%, and Bexley at 22%, equating to a further 3,000 and 2,870 households, respectively.

130,500

Projected five-year increase in PRS households across London



Average Rents

There has been strong rental growth across the UK in 2023; this was driven by an acute supply and demand imbalance combined with high inflation. London has been no exception, and private rents rose by nearly 7% in 2023, according to the ONS. This is the highest rate of growth since the London data series began in January 2006. Given these widespread rent rises, it is particularly important for tenants to understand their options.

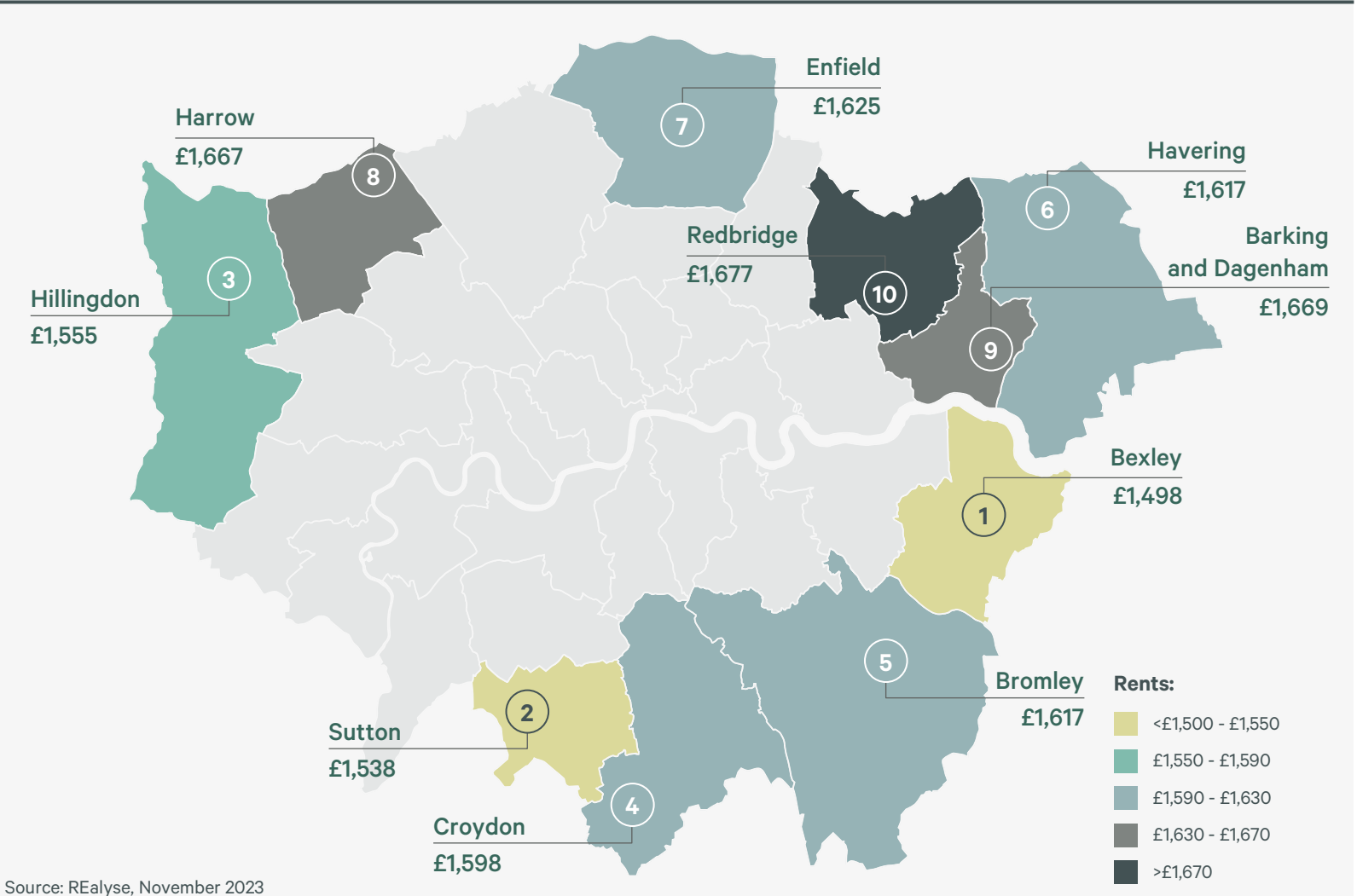
RESULTS

The achieved (12-month moving average) rent of each borough (all property) over the last 12 months was taken from REalyse data. The most affordable borough to rent a home in 2023 was Bexley, with the lowest average rent at just under £1,500 per month. In second place was Sutton at £1,538pcm, and Hillingdon was in at £1,555pcm.

In contrast, the most expensive areas to rent were Westminster and Kensington and Chelsea at £2,833, and £3,250 per month, respectively.

£1,890pcm

Average achieved
rent in London



Average First Time Buyer House Price

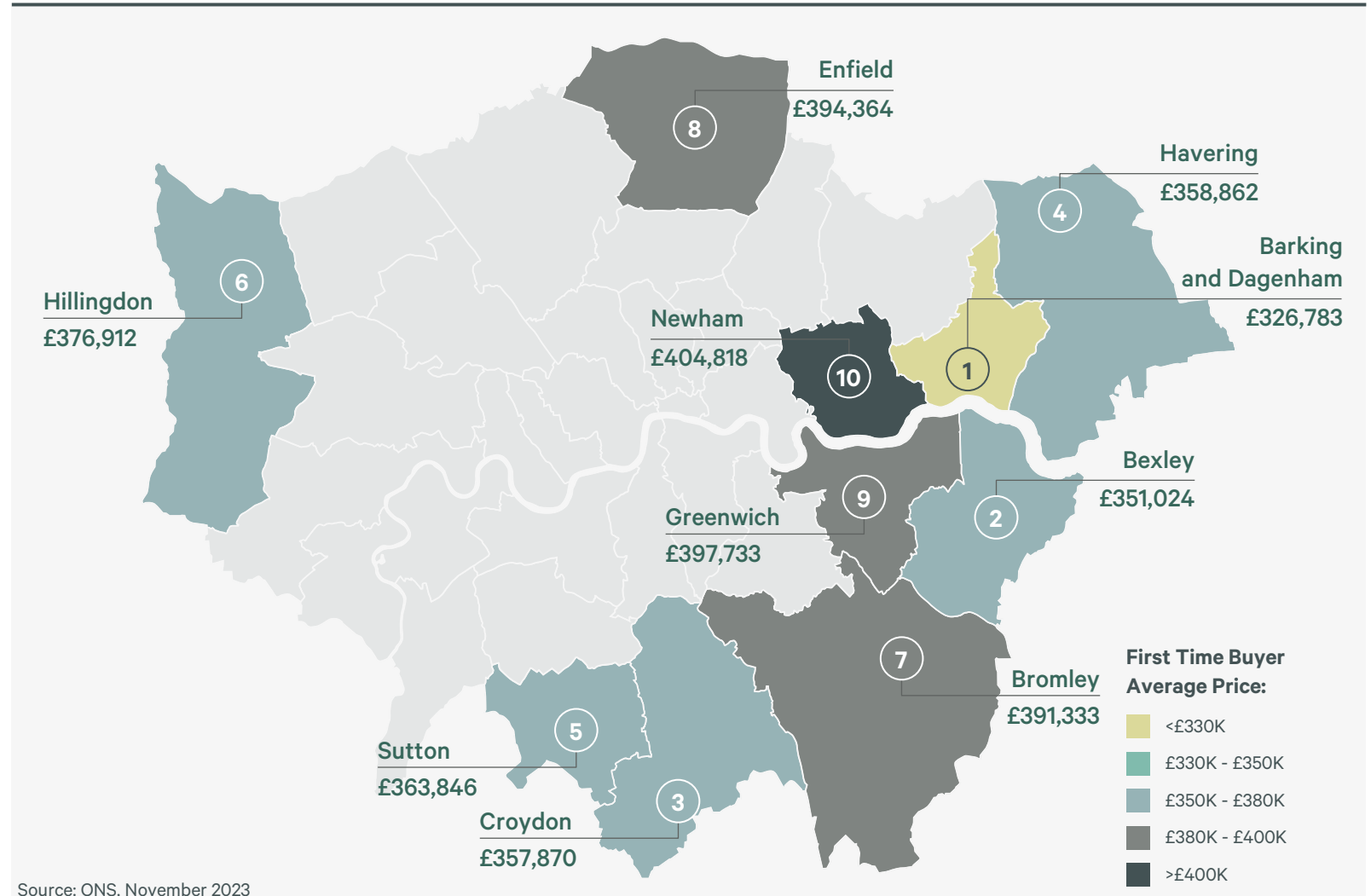
The average price of a first home in London was just over £442,000 in 2023 according to the Office for National Statistics. However, this masks the wide range of prices across London. Here we highlight the boroughs which may offer the best options for those looking to get onto the housing ladder.

RESULTS

We ranked the boroughs according to the average first time buyer price. In first place was Barking & Dagenham, with the lowest average price of £326,700. This is £25,000 below second-placed Bexley at £351,200. In third place was Croydon, where the average price of a first home was just under £358,000.

£442,000

average price of a
first home in London



Source: ONS, November 2023

Total Housing Development

2023 was a challenging year for new home construction in London. Based on Government targets, London's housing supply consistently falls short of what is required to meet demand. The Department of Levelling Up, Housing and Communities (DLUHC) data shows that 376,500 net additional dwellings have been delivered in London over the last decade. Relative to housing targets, this equates to a shortfall of just over 56,000 homes over this period.

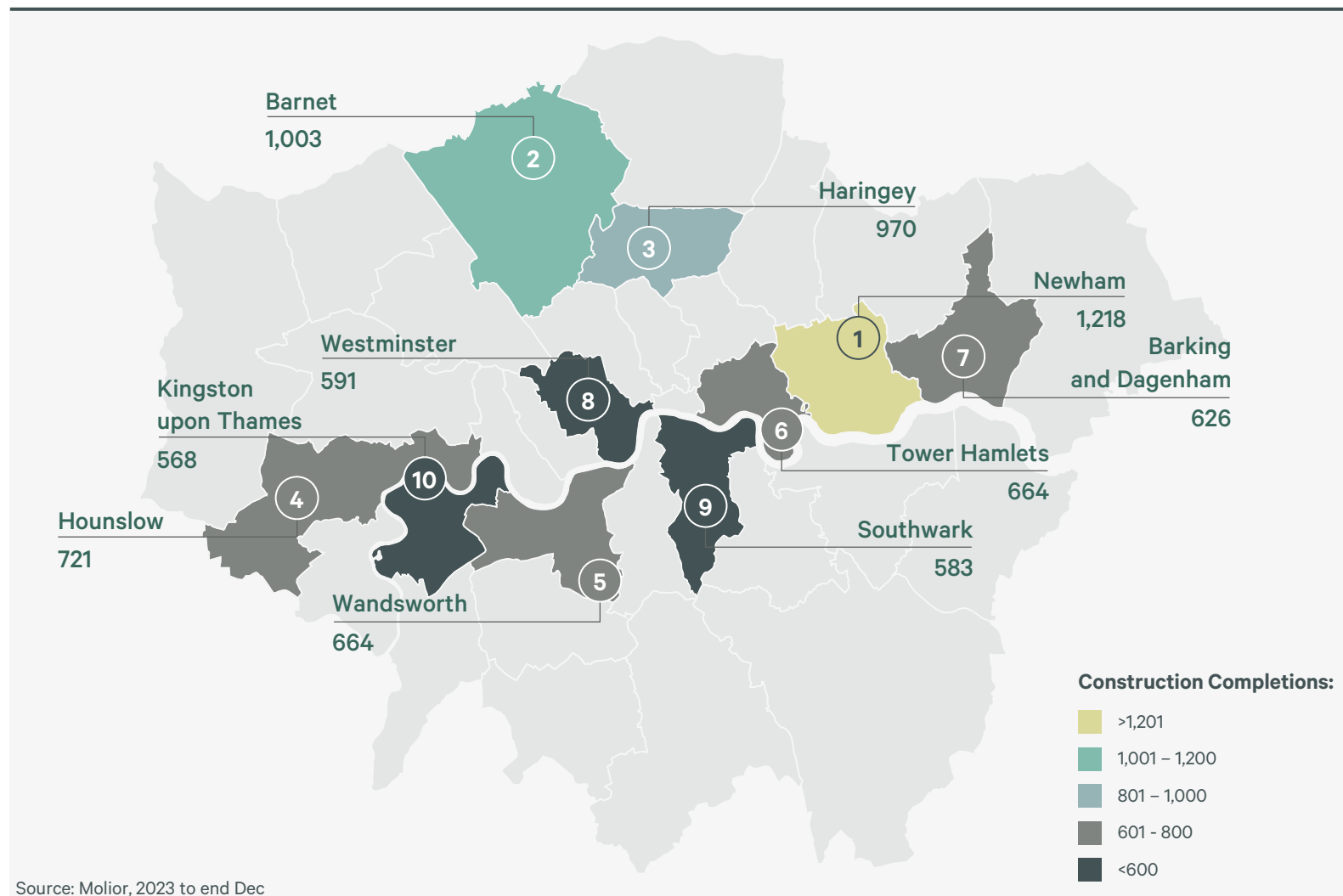
Unfortunately, housebuilding in the capital in 2023 deteriorated further. According to Molior, only 13,501 new homes were completed across London in 2023. This is 32% lower than total completions in 2022 and 30% lower than the level of the ten-year average.

RESULTS

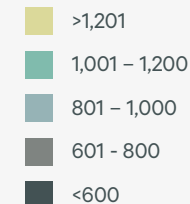
The results show total construction completions across London, according to Molior. In first place came Newham, with 1,210 homes completed. This was followed by Barnet with a total of 1,000 homes, and Haringey with 970.

13,501

Homes completed
across London in 2023



Construction Completions:



Build-to-Rent Development

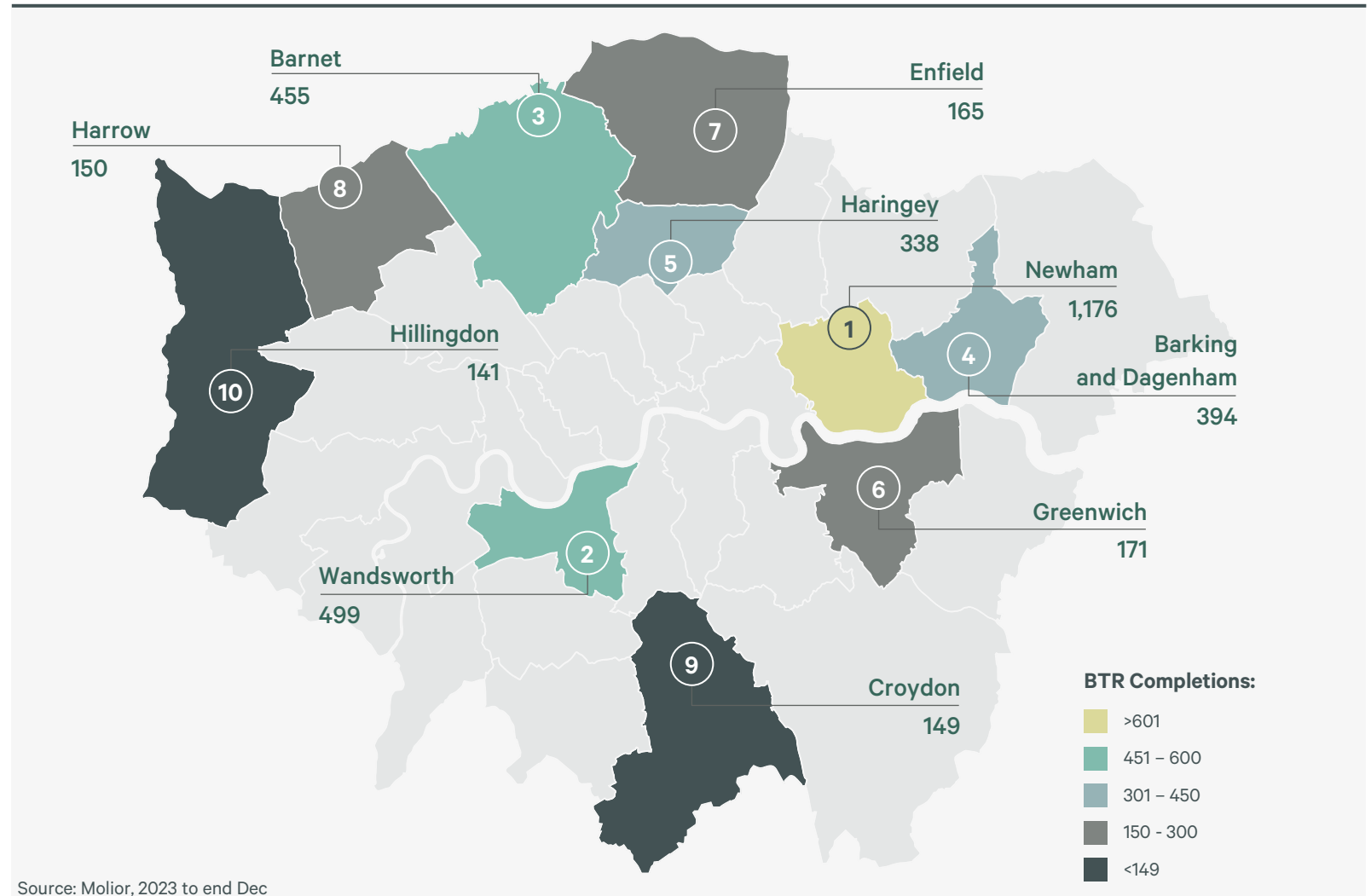
Demand for rental properties remains strong in the UK, and particularly London. But there is a fundamental lack of supply. This has been worsening as Build-to-Rent (BTR) delivery has been hampered over the past year by high construction costs, labour shortages, and more expensive debt. New fire safety regulation, including the need for a second staircase in tall buildings, will also impact viability and the supply of BTR homes throughout 2024. Still, some boroughs are developing more BTR than others.

RESULTS

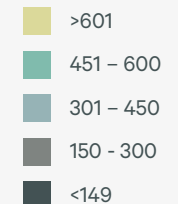
We used Molior data to analyse BTR construction completions across London in 2023. The borough with the highest level of BTR development was Newham, with over a thousand homes completed. In second place came Wandsworth, and third place was Barnet.

4,728

BTR completions
across London
in 2023



BTR Completions:



Affordable Housing Development

Affordable housing provides low and modest income Londoners with high-quality homes. The affordable segment of the housing market encompasses several different tenures, including social rented homes and shared ownership.

Overall, it is estimated that 17,000 more affordable homes are needed across London each year. Here, we look at which boroughs have contributed the most towards that target over the last year.

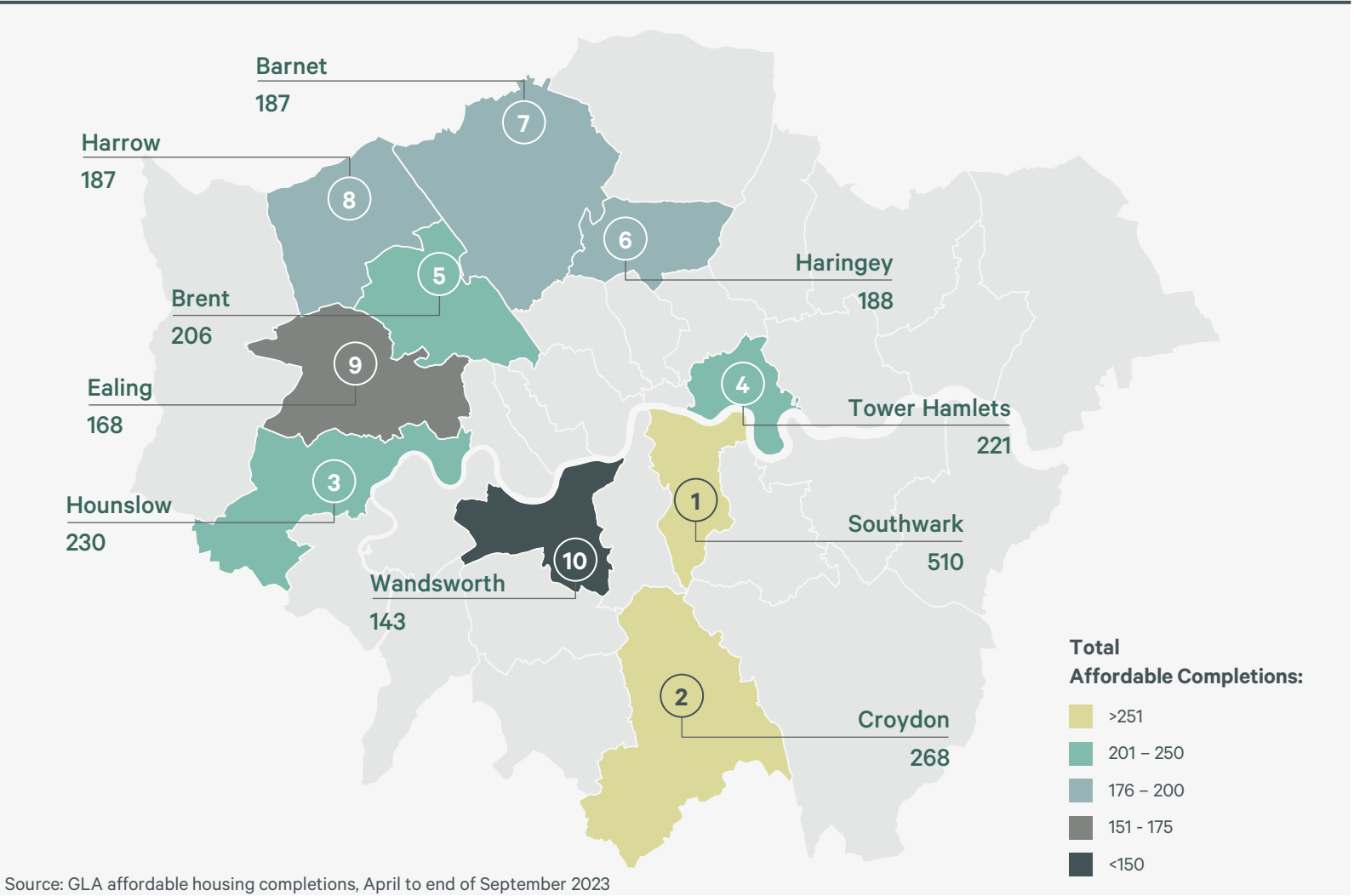
RESULTS

To determine the area with the highest level of new affordable housing development, we totalled affordable housing completions using the latest data (April 2023 to September 2023) as recorded by the Greater London Authority (GLA).

Southwark ranked first, with a combined total of 510 affordable homes. In second place was Croydon, with 270 affordable homes, followed by Hounslow at 230.

3,505

Affordable homes completed across London, April to Sept 2023



Energy Efficient Homes

The need for energy efficient homes in the UK remains a critical requirement for reducing carbon emissions and delivering a more sustainable environment. Higher Energy Performance Certificate (EPC) ratings, equating to more sustainable homes, are important if the UK is to reach its net zero target by 2050.

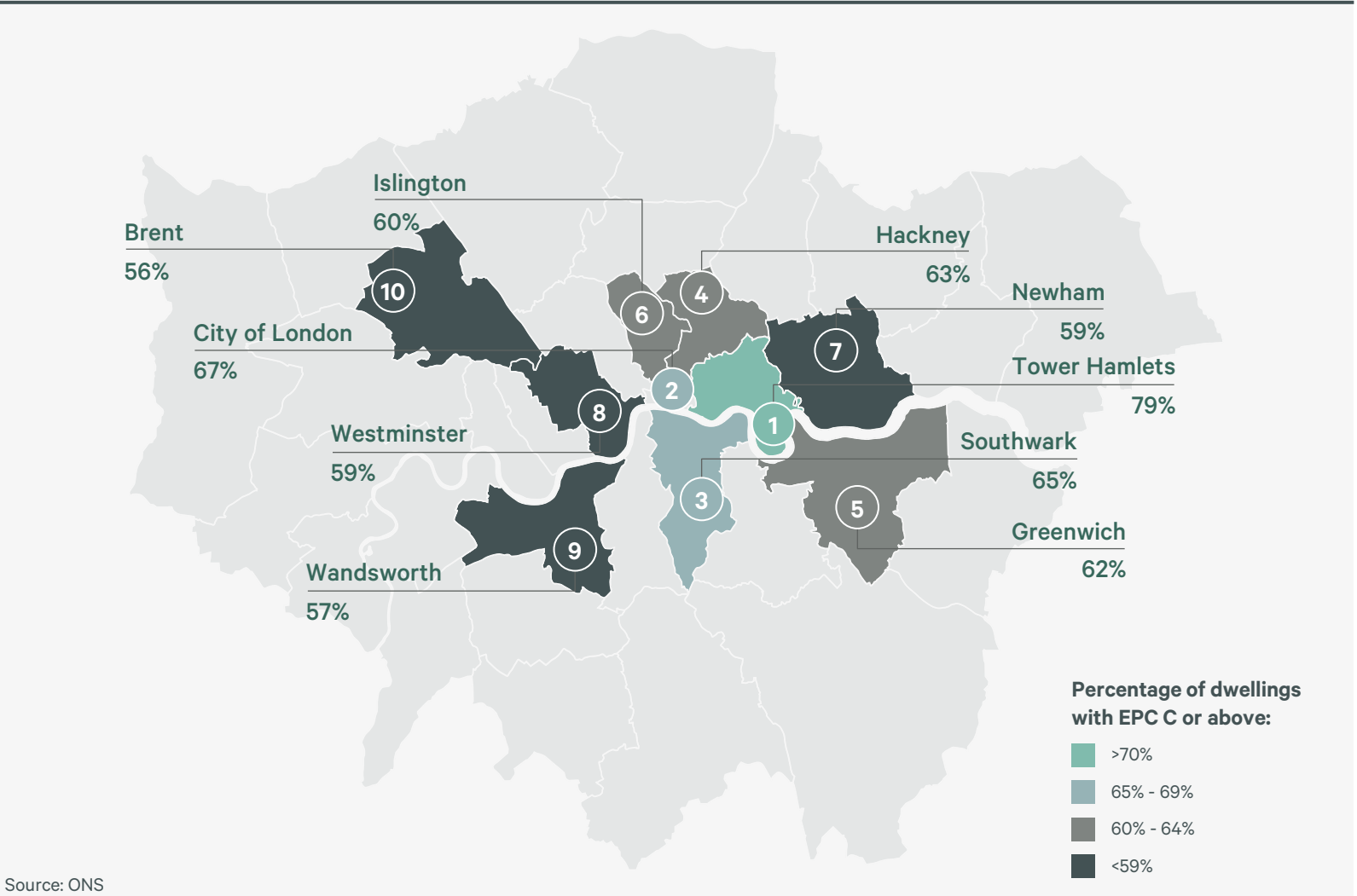
RESULTS

To determine the energy efficiency of boroughs, we ranked them by the proportion of their homes that were rated with an EPC of C or better. This also gives an indication of which boroughs are most future-proofed against potential new regulation. EPC ratings range from A (most energy efficient) to G (least energy efficient).

The results show that Tower Hamlets has the most energy efficient housing stock, with almost 80% of its homes rated C or above. In second place was the City of London at 67%, and in third place was Southwark at 65%.

52%

Of London's homes have an EPC rating of C or above



Outstanding Education

Education unlocks potential in children to develop the skills they need to excel in life and provides London with the human capital which fuels innovation.

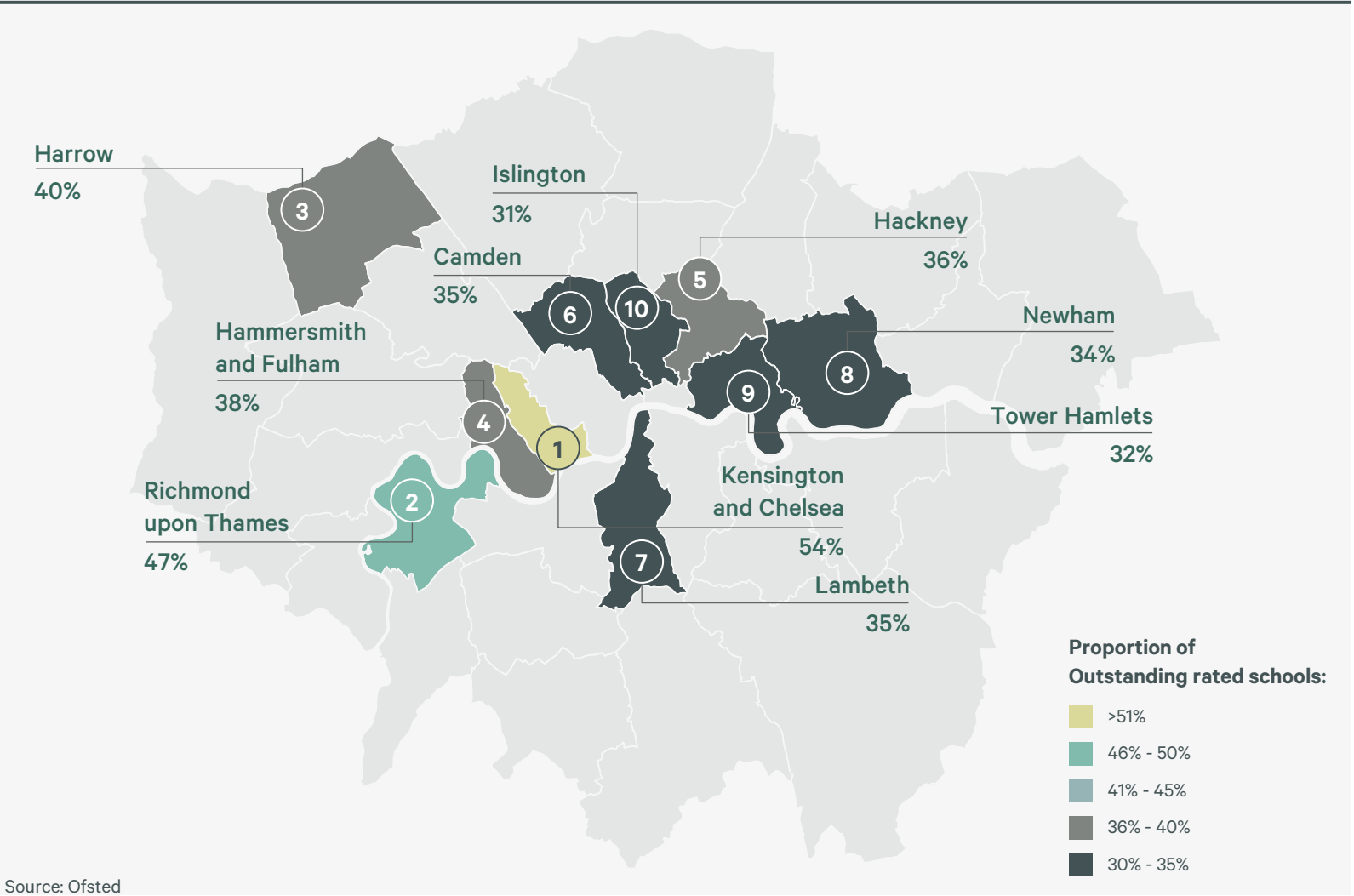
London currently has 2,618 state primary and secondary schools. Of these, 713 have been rated ‘Outstanding’ by Ofsted. This means they provide the highest quality of education available for children. Ofsted’s inspection framework considers, among other things, the quality of education, behaviour and attitudes of the school, and the effectiveness of leadership and management.

RESULTS

We ranked the top 10 by the proportion of ‘Outstanding’ rated schools in each borough. In first place was Kensington & Chelsea, with more than half of its schools rated ‘Outstanding’. This was followed by Richmond upon Thames at 47%, and Harrow at 40%.

28%

of London schools are rated ‘Outstanding’ by Ofsted



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