

MEDWAY PROPERTY GUIDE 2017/2018



THE UNIQUE
PROPERTY CONSULTANCY

BUY-TO-LET: MAKE YOUR MONEY DO MORE WITH MEDWAY

The UK buy-to-let market is thriving and continuing to grow thanks to strong demand for property across the country.

Despite the UK economy being hit by uncertainty in 2016 as a result of the shock referendum outcome, the property market has shown its resilience once again.

Initially, investors feared that Brexit would have an adverse effect on UK property values, however, there have been no signs of this with prices experiencing rapid growth in the majority of regions in England. Demand for UK property is strong with the number of people becoming reliant on the Private Rented Sector continuing to increase.

The proportion of households in the sector has doubled since 2001 and now accounts for approximately five million households. It is predicted that by 2021, 24% of households in the UK will be renting in the sector with young professionals between 25-34 to make up the largest proportion. Young

people today are being dubbed as 'Generation Rent' with the number of young homeowners halving in the last two decades, as getting on the property ladder is becoming an impossible task for many. A major issue today is that the cost of living is rising, whilst salary growth remains slow.

With the reduction of mortgage tax relief being phased in over the next few years along with a raft of other changes, landlords are now looking to maximise their returns by purchasing high-yielding property at a lower value.

London has historically been considered as the UK's top buy-to-let hotspot but as house prices are skyrocketing, rental returns remain stagnant. Both tenants and landlords are now looking further afield to other regions in England, whilst London's commuter belt has been popular for those keen to remain in the capital for employment.

UK buy-to-let has historically been a safe haven for investors, with both domestic and international investors showing strong appetite for UK property over the years. Its reputation as one of the most lucrative and reliable investments has instilled confidence in the market even at a time of political turbulence. However, traditional property hotspots such as London are gaining less traction, allowing other areas of the UK to benefit.

So why should investors consider Medway as the best location for their next buy-to-let investment?

Medway is a fantastic opportunity for investors today as people are leaving the capital in droves, opting for the suburban areas where there is cheaper property. Competitive prices coupled with promising development schemes taking place in the Medway towns have made the south-eastern conurbation



St Mary's Island, Chatham, Kent

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“Areas around the commuter belt will see house prices grow by approximately **17% by 2021**”

.....

one of the most sought-after locations in the UK.

House prices have been rising rapidly over the last decade, up 29% since 2004 with Medway taking advantage of young professionals being priced out of London property. Despite being voted as the best city in the world last year by consultancy firm PwC, cash-strapped Londoners between the ages of 30-39 are leaving the city in numbers, with many moving to the nearby towns and villages in the London commuter belt.

It is predicted that these areas around the commuter belt will see house prices

grow by approximately 17% by 2021, which means that investors must act quickly to snap up affordable housing.

These towns are demonstrating remarkable house price growth and are far outpacing the UK average growth at 13% and London at 11%.

London saw more than 93,000 NET departures in 2016, an 80% increase over 2012, and 77,500 Londoners bought homes outside the capital in 2016, a growth of 22% from the year before, suggesting that the population in the South East will continue to rise.

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South East, **United Kingdom**



300,000

More than 300,000 ex-Londoners left the capital in 2016

The Times, 2017



24%

It is estimated 24% of households in the UK will be renting in the sector by 2021

Knight Frank, 2017



77,500

Londoners bought homes outside of the capital in 2016

Business Insider, December 2016

WHY MEDWAY?

The conurbation of Gillingham, Rochester, Chatham, Rainham and Strood is traditionally known as the Medway towns and has become one of the most desirable places to live in recent years due to its proximity to London.

Medway is famous for being a maritime destination with shipbuilding a major industry along the banks of Kent's longest river, the Medway. The Medway has given the towns a name with the area being home to an established Royal Naval Dockyard in the past.

Chatham Dockyard was one of the Royal Navy's main bases for hundreds of years and closed in 1984 as the UK's naval power evolved, and it has now developed into a historic attraction with a maritime museum on site. The Medway economy was previously tethered to the Navy, but the local council has begun to revitalise the area and give the economy a much-needed boost. The last few years have seen £1bn of investment poured into the dockyards, and developers have been quick to act by regenerating wasteland and converting former warehouses into lavish apartments.

As the largest urban area in the South East outside London, the historic Medway towns are growing in popularity with the

huge regeneration programme currently taking place and signalling a bright future ahead for the area. Located less than 35 miles away from Central London, more and more people are moving to Medway to escape the extortionate London prices.

Residents of Medway can take the high-speed train and arrive in London in 45 minutes whilst those driving can make use of the main roads such as the M2, M20 and M25 all being easily accessible to residents.

However, the towns offer much more than just being a commuter area. Millions of pounds are being invested into brand new business parks and leisure centres which will provide a variety of employment opportunities and create a great place to live. A major attraction close to Medway is Bluewater Shopping Centre, one of the UK's largest shopping centres and home to over 300 shops. Located on the A2, it is within easy reach of all the Medway towns.



JOURNEY TIMES TO ST PANCRAS INTERNATIONAL, LONDON

Gillingham

46 minutes

Chatham

42 minutes

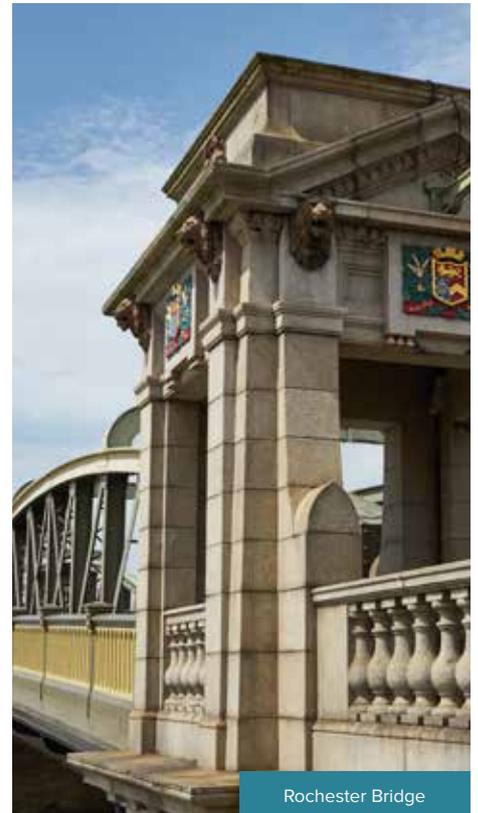
Rochester

38 minutes

Strood

34 minutes





Medway, Kent

Medway also benefits from outstanding educational institutions, with the Universities at Medway campus being established in 2004. Originally built as a Royal Naval Barracks, the 20 acres of land across the famous river front is now a site which is occupied by a partite collaboration between the University of Greenwich, University of Kent and Canterbury Christ Church. With a number of award winning teaching facilities, the campus offers a variety of courses which cover many areas such as science, computing, business and the arts. The campus is now a modern learning hub for approximately 10,000 students.

There are many reasons to invest in Medway, but above all the area is experiencing a major facelift, and this is thanks to the wider Thames Gateway Regeneration Programme. Considered as Europe’s largest regeneration project, it will see inward investment be funnelled into the Medway towns, creating opportunities for business expansion and world-class facilities.



St Pancras International Station, London

THE MEDWAY TOWNS

A theme which links the Medway towns is affordability; however each town has its own individual assets which will appeal to different buyers. The population is projected to increase by approximately 18% by 2035, with many people looking past the typical choice of Rochester to other attractive areas such as Gillingham and Chatham where prices are relatively cheaper.

CHATHAM

Chatham is one of the most popular Medway towns with the South East Local Growth Fund awarding Medway Council £4m to regenerate the area and create high quality urban living for residents.

Construction is now underway to bolster the links between Chatham Railway Station and the town centre. Plans include a complete remodel of the railway station as well as safer and more convenient routes for pedestrians and cyclists.

At the centre of Chatham's regeneration is the derelict land of the former Royal Dockyard – conveniently located between Medway's northern bypass and the famous river Medway. Two key occupiers of the site are Medway's universities and the Dockside Outlet

GILLINGHAM

Another burgeoning hotspot in Medway is Gillingham, a town known for having one of the most important retail centres in Kent. It is popular with residents of the Medway area, with over 200 shops on offer. In addition to this, people can visit the traditional street markets which take place in the town centre every Saturday to Monday.

Centre which offer world-class education as well as fantastic leisure and business opportunities.

The vision for the site to be transformed into a modern place for people to work, live, learn and socialise is underway. Residents living in Chatham will have the best of both worlds, living in one of the most picturesque places in the UK whilst only approximately 40 minutes away from London.

Chatham has been identified as one of the best performing towns in the UK for house price growth in the last year, and it is certainly creating interest amongst investors who are looking for a future outside of London.

According to the Telegraph, Gillingham has the cheapest house prices of any town in the South East, making it a great investment opportunity for investors. This is especially true today with landlords now looking for high-yielding properties at a lower value as a way of adapting to new tax rules.



£1 billion

The last few years have seen £1 billion of investment poured into the local area

Medway Council, 2017



35 miles

Medway is located less than 35 miles away from Central London



10%

Sold prices in Medway have increased by 10% in the last year

Rightmove, 2017

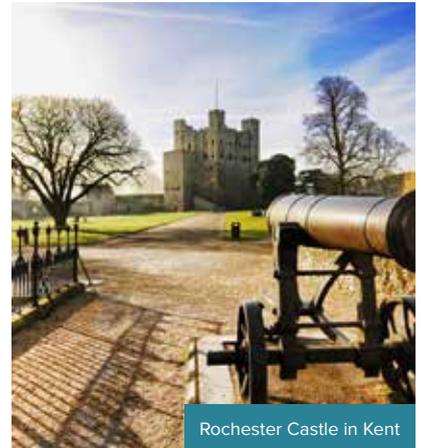
ROCHESTER

Rochester is arguably the most picturesque town in Medway, with a Norman castle, ancient cathedral and stunning views over the river. Rochester has long been considered one of the best towns in the South East for investment and the demand to live in the area is continuing to push up house prices. Over the last year prices in Rochester have grown by 12%, a higher rate of growth than in neighbouring towns.

Investors remain confident in Rochester's future, with billions of pounds being injected into the local infrastructure. Rochester Riverside, one of the major

projects in the Medway Council's regeneration programme, will see 21 hectares of brownfield land become occupied with a range of open spaces, brand new retail and leisure facilities, and improved routes between the River Medway and Rochester High Street.

The £400m regeneration programme has seen Medway Council commit to building 1,300 homes, of which 25% will be affordable. These are expected to be popular with the thousands of people looking for homes outside London.



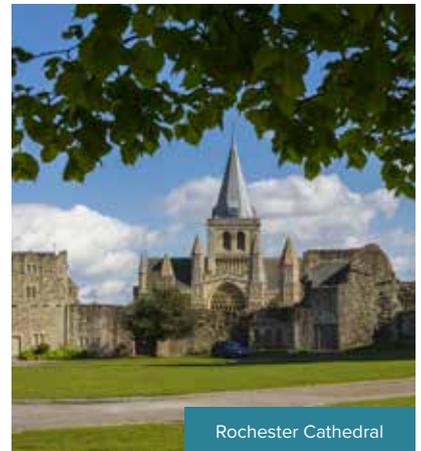
Rochester Castle in Kent

STROOD

Strood is also a fantastic opportunity for investors and, although it is considered less scenic compared to neighbouring town Rochester, it is more convenient for commuters with the journey time from the town to London approximately 35 minutes. Strood has experienced a 12% increase in average house prices over

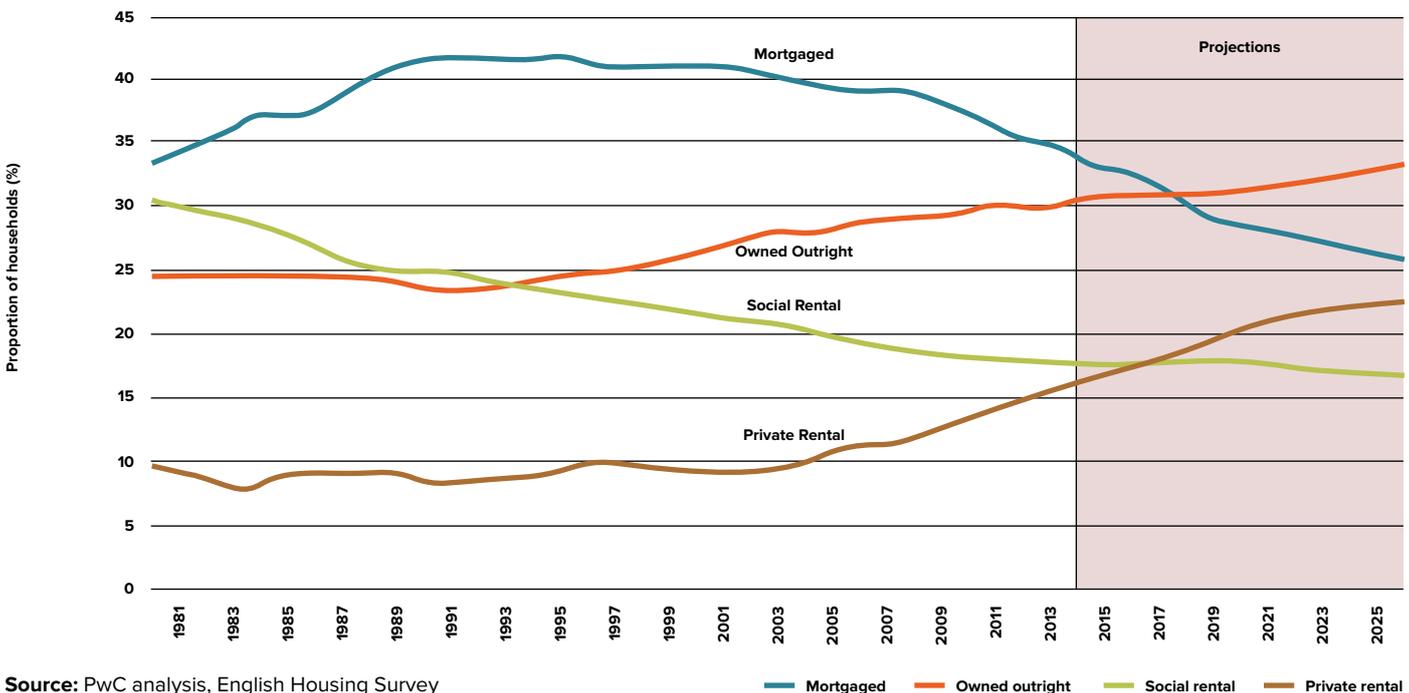
the last year, with properties available on the market for an average of £245,573.

The future of Strood is bright with hundreds of new homes and businesses to be added to the Strood Riverside, whilst the town will benefit from the wider Medway regeneration scheme.



Rochester Cathedral

PROJECTIONS FOR UK HOUSING TENURE, SHARE OF HOUSEHOLDS



Source: PwC analysis, English Housing Survey

Legend: Mortgaged (blue), Owned outright (orange), Social rental (green), Private rental (brown)

INVESTOR BENEFITS

The demand for rental accommodation has soared in recent years as a result of generational changes in attitude towards homeownership as well as the rise in property prices. This has prompted many more people to invest in property as the UK market becomes one of the most lucrative investment options.

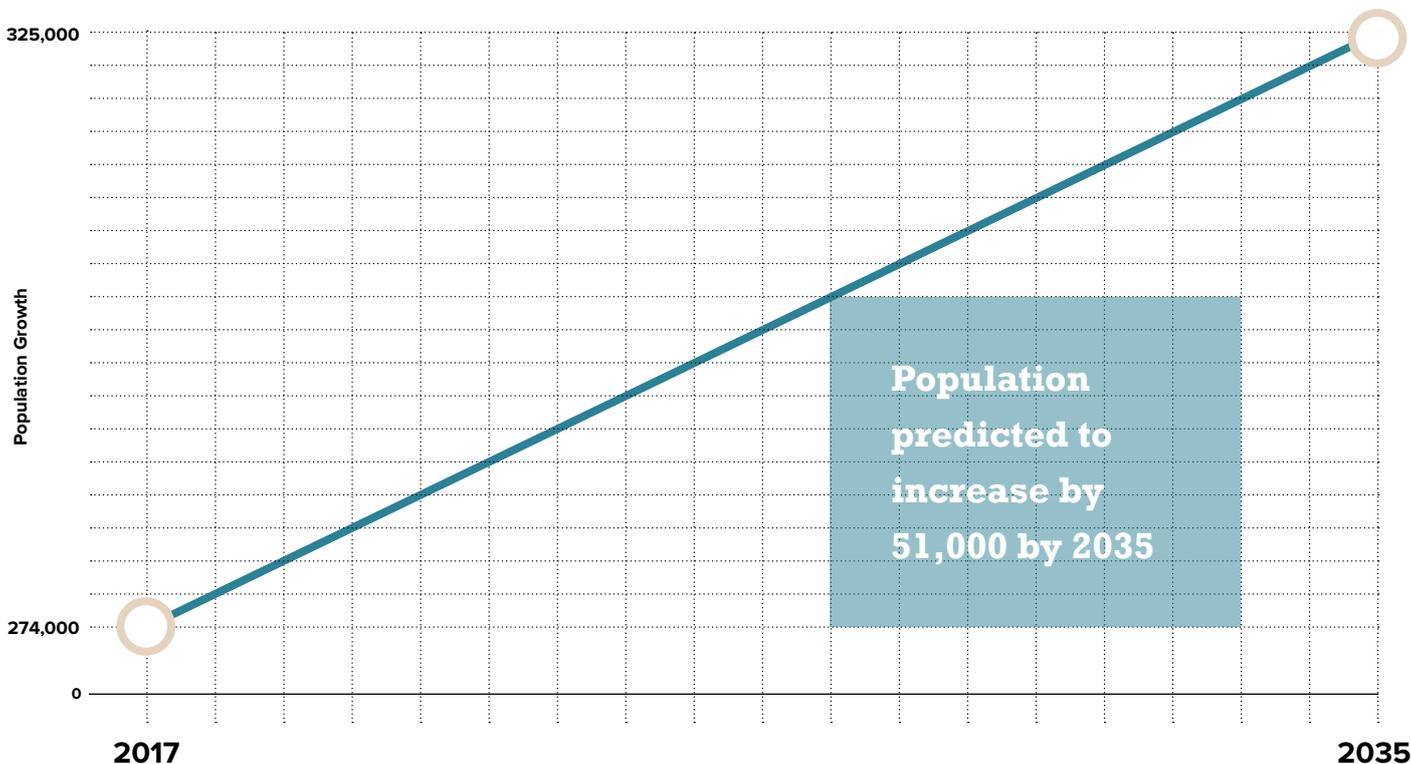
In the past, London was regarded as the most profitable location for property investment but soaring house prices in and around the city have not been met with healthy rental growth, resulting in reduced returns for investors.

With this in mind, investors have turned to regional cities and towns which

present more opportunities with house prices showing strong growth. As many people are still attracted by the higher salaries and the appeal of London as a world class city, many young professionals are moving to areas outside the city which offer properties at a better value but provide direct links to the city.

Relocating to the South East is an option that is considered by many people today in order to avoid London prices. The growing demand means that investors will be able to make their capital go much further and enjoy higher yields in buy-to-let hotspots such as Medway.

MEDWAY PREDICTED POPULATION GROWTH



Source: Kent Live, 2017

CHOOSING THE RIGHT PROPERTY

When investing in buy-to-let, there are many factors that landlords must consider to ensure that their investment is profitable. An option which has interested many investors is the prospect of buying off-plan, with many seeing the long-term benefits that it could have.

Many of these homes are sold at a lower price than properties that are already built, and once the properties are completed they could be worth thousands of pounds more than their off-plan price. Off-plan properties are less likely to have serious maintenance issues thanks to their brand new fixtures and furnishings.

In addition to this, it is worth having location as one of your top priorities when choosing a property to invest in. It makes sense to look for areas which are benefitting from a wider regeneration programme and new transport links. For example, the high-speed trains operate in Medway, linking the area to St Pancras International in less than an hour. The towns are likely to become more popular with the plans for more affordable housing and excellent transport connections to London.

The target market for investors is predominately young professionals with many people in this age group giving up the dream of owning their own home. This means that luxury apartments with on-site facilities such as a gymnasium will always be in demand and bring the healthiest yield and the lowest void periods.

Finally, when considering investing in property, investors should consider places that have large regeneration plans in place as this indicates a big future for the area. This trend is particularly apparent in the Medway towns which are now undergoing drastic changes, but it is important that investors get ahead of the game and invest now before prices skyrocket.



29%

House prices increased 29% between 2004 and 2014

Savills, 2014



£18,600

Houses near the best schools are worth an average £18,600 more

BBC, 2017



£22,000

Properties near a national supermarket increase in value by an average of £22,000

Lloyds, 2017



Aylesford village in Kent

KNIGHT KNOX

Knight Knox is a market-leading property consultancy with a particular focus on city centre residential markets in many of the UK's outstanding cities. We are the driving force behind every stage of the development, from the initial land acquisition, through the planning and development of the scheme, and onto the eventual sale and ongoing property management.

Our presence at every stage of the property lifecycle allows us to design our developments with the occupier in mind from the very beginning and ensures that we have a real stake in making every home perfect. Knight Knox is a unique property consultancy and our outstanding portfolio is second to none.

With departments which specialise in land acquisition, design, marketing, financing, lettings, property management and sales, we are one of the few companies which is involved at all stages of development.

“It felt good to deal with a company you can trust”

Mr P.Nelson - Knight Knox Investor

DEVELOPMENT PORTFOLIO



GREAT CENTRAL SHEFFIELD



X1 CHATHAM WATERS KENT



X1 MANCHESTER WATERS MANCHESTER



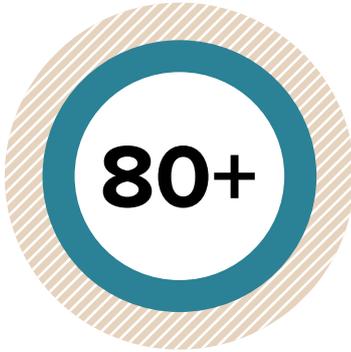
PALATINE GARDENS SHEFFIELD



NORTHILL APARTMENTS SALFORD QUAYS



DANFORTH APARTMENTS SALFORD QUAYS



Total number of UK projects launched



Number of completed and tenanted developments



Total value of all UK projects launched

As featured in:

The Telegraph

theguardian

Manchester Evening News

THE SUNDAY TIMES



X1 THE TOWER
LIVERPOOL



X1 THE LANDMARK
GREATER MANCHESTER



X1 MEDIA CITY
SALFORD QUAYS



X1 THE GATEWAY
SALFORD QUAYS



X1 THE CAMPUS
GREATER MANCHESTER



ADELPHI WHARF
GREATER MANCHESTER



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