MARKET REPORT

SHELTERS IN A STORM

How resilient is your postcode? Paula Hawkins explores the sturdier parts of the South

EVEN the most staunch optimists will agree that 2008 is shaping up to be a difficult year for the housing market. Although some areas seem destined to suffer significant price falls, others appear likely to emerge relatively unscathed even if the worst happens — as we reported in our focus on prosperous pockets of the North last week.

But what is the position in the South? Prime Central London has proved relatively immune to problems within the wider property market: capital growth has been remarkably consistent, with average prices rising to all but one of the past 25 years. And, despite fears over changes to the resident non-domicile tax rules that will affect wealthy foreigners, as well as problems in the City, prime London postcodes are still performing surprisingly well. An analysis of Land Registry figures by London Central Portfolio, the property investment company, indicates that house prices, as opposed to flat prices, in Kensington, Chelsea and Westminster rose by 50 per cent in the last quarter of 2007, while flats and maisonettes grew by 16 per cent.

"The maturity of an area is a key factor, so the most established postcodes will be the best performing and the most robust," says Anne Cornell, of Cornell Residential, who believes that anywhere in London W1 is likely to be a fairly safe bet. The more exclusive the address, the safer you are likely to be, agents say.

"Belgravia has been perceived as the prime area of Central London property for almost two centuries," says Christopher Ames, the head of sales at the estate agent Henry & James. "The area is populated by a wide mixture of wealthy internationals. Some of these work in the City, but others have their third or fourth homes here to use for a few months of the year. Hence the area seems to survive economic blips and downturns that might affect outlying areas of London."

There are likely to be pockets of resistance outside the most established areas, too. "Traditionally any postcode south of the river used to be unappealing, but now Shad Thames (between Tower Bridge and Bermondsey) is regarded as a fashionable, affluent place to live, particularly with City money and media types," says James Hyman, of Chattons Tower Bridge. "The regeneration of the South Bank, coupled with a limited amount of supply and no further major developments planned, has led to an increase in popularity." Demand is strong, with about 35,000 white-collar employees working within five minutes' walk of Shad Thames, and a further 6,000 being relocated to the area by PricewaterhouseCoopers.

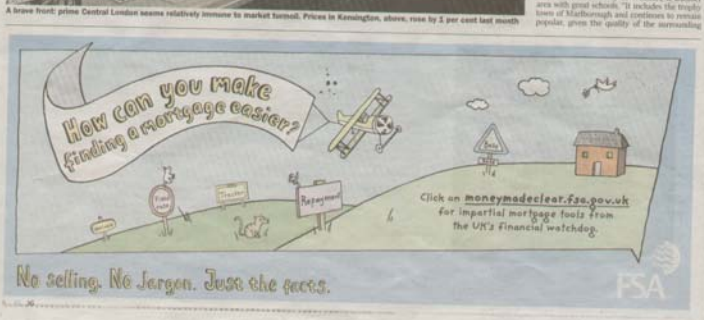
Opinion is split on areas such as Clapham Common and Wandsworth, which are very popular with families. Russell Hunt, of Property Hunt, believes that houses in these areas will hold their value. "These areas have large Victorian houses, green open spaces, highly desirable schools and their high streets are being regenerated," he says. "Growth in these areas should continue to be stable." But others believe that the spectacular house price growth here in recent years leaves them vulnerable. "If anywhere is going to see a decline in prices, it is areas like Clapham and Battersea where they have seen strong growth," Hyman says.

Outside London, there are a number of factors which mark out an area as more resilient than its neighbours. "Areas tend to hold their value in a less buoyant market if they have the following: good communications, good schools and good amenities," says Russell Hill, of the Winchester branch of Strutt & Parker, who cites Winchester and Guildford as examples of places where prices tend to hold their value. Guildford has good schools and, crucially, proximity to London.

> 'A good house in the Cotswolds won't sell for any less this year'

"Guildford is a strong commuter zone with a market which is fed by London but also supported by strong local and international demand," says Lucian Cook, a director of Savills research. "While applicant numbers fell heavily in some other areas, those in Guildford in November, December and January remained at just under 50 per cent of the level for the same three months a year earlier."

In some towns and cities, there are small pockets of housing that are much more likely to withstand a market downturn than others. Take Oxford. "Central and north Oxford are a nightmare to get in and out of, but the Parktown area, which is close to the great Oxford schools, has right or lot streets with very nice Victorian villas which sell for prices comparable to London," says Nick Ashe, the director of Property Vision, the property search company. "Everyone wants to be within this one small area, and properties don't come up for sale very often."

The Vale of Pewsey in Wiltshire is another area with great schools. "It includes the trophy town of Marlborough and continues to remain popular, given the quality of the surrounding

A brave front: prime Central London seems relatively immune to market turmoil. Prices in Kensington, above, rose by 2 per cent last month