

Heathrow third runway is already hurting house prices but for how long?

Leading estate agent comparison site, GetAgent.co.uk, has looked at the impact the third runway at Heathrow has already had on the local property market and how this could impact prices once the expansion has been completed.

Since June of last year when the proposed expansion was approved by the House of Commons, house prices around areas due to be affected have fallen by -2.6% on average.

Windsor and Maidenhead has seen the largest decline with a drop of -6%, while prices have fallen by -4.4% in Wandsworth, -1.5% across Hillingdon and 1% in Richmond, and price growth has ground to a halt in Hammersmith and Fulham with almost no change.

While Gatwick missed out on the bid for a third runway, permission was also granted to expand the North terminal in June. While the implications aren't as detrimental to the surrounding area as a third runway, prices in areas surrounding Gatwick have also dropped by -0.9% on average. This climbs to -4.2% in Tandridge, -3.2% in Crawley and -2.1% in Mole Valley.

But is this knee-jerk price drop here for the long-term? Or will these improvements benefit the wider property market once completed?

GetAgent also looked at previous airport expansions across the UK and found the surrounding areas had actually seen property prices uplift despite this work.

In 2008 the proposal of a second runway at Stansted saw local house prices fall by -2.6% on average between the announcement and the withdrawal of that proposal in 2010. But despite the continued and extensive terminal expansion at Stansted, prices have rebounded by 56% since that point.

The highest increases have been in Braintree where house prices have nearly doubled (+95.1%) and Chelmsford where they've grown by 70%.

Since the second runway was completed at Manchester Airport in February 2001, property prices have lifted by 26.6% on average, with the Trafford District (33.2%) and the Stockport District (27.2%) seeing the largest uplifts.

House prices in areas surrounding Birmingham Airport have increased by 31.1%, 33.5% in the Birmingham District alone, since the completion of the runway extension in May 2014.

While Luton only unveiled its new terminal in December of last year, prices in the surrounding areas have already crept up by 0.4% on average.

Founder and CEO of GetAgent.co.uk, Colby Short, commented:

“There’s no doubt that the construction of a third runway is going to hurt house prices for those directly impacted, either due to the expansion itself, or the resulting noise pollution from an increase in air traffic over the area.

With the latest campaign against a third runway at Heathrow now rejected we could see prices continue their downward trend as the reality sets in and buyer demand dwindles.

However, when looking at other areas of the UK to have seen similar expansions, the long-term impact may not be as detrimental to the local housing market as first thought.

Improvements in travel infrastructure usually bring a wider economic benefit to the local area and this tends to filter down to the property market.

That said, the implications of this particular expansion are arguably on a much greater scale and so only time will tell if the local property market can recover from the blow it has been dealt.”

Heathrow			
Local Authority	Expansion approved (25th June 2018)	Challenge Campaign Lost (1st May 2019)	Change (%)
Hillingdon	£416,117	£409,902	-1.5%
Wandsworth	£599,055	£572,424	-4.4%
Richmond	£662,415	£655,858	-1.0%
Hammersmith & Fulham	£738,403	£739,357	0.1%
Windsor and Maidenhead	£492,604	£463,017	-6.0%
Average	£581,719	£568,112	-2.6%

Gatwick			
Local Authority	North terminal expansion announced (June 2018)	Now	Change (%)
Crawley	£285,639	£276,460	-3.2%
Reigate and Banstead	£410,289	£404,683	-1.4%
Horsham	£368,154	£383,323	4.1%
Mid Sussex	£366,725	£372,631	1.6%
Mole Valley	£503,681	£493,063	-2.1%
Tandridge	£464,128	£444,629	-4.2%
Average	£399,769	£395,798	-0.9%

Stansted			
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Local Authority	Proposed Second Runway (2008)	Proposed Second Runway Application Withdrawn (2010)	Change (%)	Current (Feb 2019)	Change (%)
Uttlesford	£268,432	£265,151	-1.2%	£375,769	40.3%
East Hertfordshire	£260,086	£253,462	-2.5%	£375,769	46.7%
Epping Forest	£298,060	£295,003	-1.0%	£375,769	27.9%
Chelmsford	£222,071	£216,637	-2.4%	£375,769	70.0%
Braintree	£197,871	£186,644	-5.7%	£375,769	95.1%
Average	£249,304	£243,379	-2.6%	£375,769	56.0%

Manchester			
Local Authority	Second runway completed (Feb 2001)	Now	Change (%)
Trafford district	£91,610	£287,251	33.2%
Manchester district	£44,813	£175,233	21.5%
Stockport district	£78,393	£229,488	27.2%
Cheshire East	£82,938	£223,019	24.6%
Average	£74,439	£228,748	26.6%

Birmingham			
Local Authority	Runway extension completed (May 2014)	Now	Change (%)
Birmingham District	£139,700	£186,478	33.5%
Sollihull	£216,159	£276,750	28.0%
North Warwickshire	£151,246	£199,513	31.9%
Average	£169,035	£220,914	31.1%

Luton

Local Authority	Renovation completed (Dec 2018)	Now	Change (%)
Luton	£238,500	£241,103	1.1%
Central Bedfordshire	£310,140	£315,004	1.6%
North Hertfordshire	£350,342	£345,275	-1.5%
Average	£299,661	£300,461	0.4%

Notes to Editors:

- House Price Data Sourced from Home.co.uk
- GetAgent is the UK wide whole of market estate agency comparison website. Analysing performance through data to inform home sellers of the best agents.
- Founded in 2015 by Colby Short (Stevenson Cartwright; SMG Worldwide) and Peter Thum-Bonanno (Find Properly; Analysys Mason)
- Backed by Seedcamp, the prolific venture capital technology investor
- GetAgent is recommended by WHICH?
- And has to date received over 100,000 enquiries for agents from property sellers to a total property value of £30bn and are now serving over 10,000 enquiries per month.

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