What Impact Is Crossrail Having On House Prices In London

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- Areas on the west side of the route have seen much stronger than average rates of house price growth since the announcement of the project
- Slough and Reading have been the top performers

London and the South East are served by an extensive network of rail and road links which facilitate commuters travelling in and out of the capital. The Crossrail project, a railway line spanning from Reading and Heathrow in the west to Shenfield and Abbey Wood in the east, will further improve these transport links.

The Crossrail project gained Royal Assent in July 2008, with construction starting on the central part of the line in 2009. In May 2010, the incoming Transport Secretary confirmed that the newly elected coalition government was committed to the project. The extension of the route from Maidenhead to Reading was announced at the end of March 2014. The line is expected to be fully completed by the end of 2019.

The 40 station route connects towns in Berkshire and Essex to major employment centres such as the City and Canary Wharf, reducing journey times and increasing service frequency. It will also improve connectivity from the capital to Heathrow Airport.

We have examined how living in or near a town with a Crossrail (Elizabeth Line) station has impacted property markets in those areas, with a specific focus on house prices. We have concentrated on towns outside of the Greater London region, as these commuter towns' property markets are likely to benefit most from the introduction of Crossrail. Greater London stations are already well integrated, with good transport links around the capital, and thus house prices in these areas are unlikely to benefit substantially from marginal improvements in transport links.

Impact on western section property market

On the west side of the route (the Great Western mainline), rates of house price growth have been well above the rates recorded in the region as a whole and the UK average since the announcement of the project.

The two stand out performers over the last two years have been Slough and Reading, with house prices rising by 39% and 33% respectively since April 2014, compared with the regional average of 22%.

This strong rate of house price growth has been driven by robust demand for properties and a rise in transactions. Following the announcement, the number of homes sold in the three months to August 2014 was up 24% year-on-year in Wokingham, versus an average increase of 16% in the region as a whole in the same period.

Impact on eastern section property market

The eastern branches of the line do not extend as far out of Greater London as the western section, only reaching Brentwood and Shenfield outside of the capital.

This may help to explain why the positive Crossrail effect apparent in the west is slightly more muted in the eastern section. House prices in the borough of Brentwood (which also includes Shenfield) have increased by 43% since the May 2010 government pledge of completion, compared with a regional average (in the East of England) of 36%.

Over the last two years Brentwood house prices have risen broadly in line with the regional average (24% versus 23%). The lower rate of price growth, compared with western areas, may be due to the area already having good transport links to both The City and the Docklands (via Stratford) through Greater Anglia services and also the Shenfield “metro” now operated by TfL Rail.

Andrew Harvey, Senior Economic Analyst at Nationwide, comments:

“Whether it be due to Sir John Betjeman's poem 'Slough' or the cult TV show, The Office, Slough has

been much maligned for many years. However, our research into the effect of the new Elizabeth Line on house prices in the town suggests that this may be unfair and that Slough, in fact, may be a more desirable place to live than people might imagine.

“Our analysis suggests that the Crossrail project has provided a significant uplift to prices on the western section of the line to Berkshire. Slough, in particular, has seen house prices rise by 39% since April 2014 – nearly double the average rate of growth seen across the South East as a whole. Average house prices in the town have historically been around 15 per cent to 20 per cent lower than the regional average, but the growth seen since 2014 means that prices are now just around six per cent lower than the South East average.

“The new Elizabeth Line is likely to make Slough an attractive proposition for London workers who prefer not to live in the capital as journey times will be around 15 minutes faster into Central London and 20 minutes faster to the Docklands. It's not just a place to live and commute either, as recent research also indicated that Slough is becoming one of the UK's top creative hubs for business and employment with more and more jobs in advertising, film, radio, TV and publishing popping up in the town. Add that to the 'Heart of Slough' regeneration programme and the opening later this year of 'The Curve', a new library and cultural centre, it's clear that Slough is becoming a more attractive proposition for people to live.

“It will be interesting to see if the house price trends seen in both Slough and the wider South East region continue over the next few years as the full service is introduced.”

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