

SEE WHERE THE CAFE GIANTS MOVE

BY JESSIE HEWITSON

SPOTTING an area that has already up-and-come is easy to do even with an untrained property eye, but pinpointing an area that is actually up-and-coming is far harder.

How can you tell when a neighbourhood is at that vital point, just crossing over from grotty and undesirable to actually becoming trendy? Moreover, how do you know where and when to pick up a property bargain before the area becomes gentrified and prices start to rocket?

One indicator for those in the know is the opening of coffee shops. Known in the property business as the Cappuccino Index, the theory is that areas seeing investment from the large coffee shop chains, such as Costa Coffee, Caffè Nero and Starbucks, are generally a good bet for house-hunters, too.

Put simply, the equation on which the Cappuccino Index is based is this: more smart cafés equals more cappuccinos being made and bought equals more money coming into the area.

Buying agent Jo Eccles, of Sourcing Property, explains that coffee shops are a good indicator of an area's financial and property health. "Big coffee shops have been really adept at picking up on areas on the outskirts of more expensive areas," she says. "It's the ripple effect. Big coffee brands are extremely confident, too. They are big players and they know that where they go, others will follow."

"You could call it a herd mentality. The areas where coffee shops have settled can expect other shops and restaurants to follow suit, which then goes on to enhance the neighbourhood still further."

"Southfields and Earlsfield, in south-west London, are good examples — they have both changed a lot. They used to be quite grotty; now there is a nice café scene and you could even say that partially as a result property prices have gone on to become very expensive."

GUY MAUDUIT, property consultant for Caffè Nero, certainly noticed the change once the company opened a branch in Balham. "It put Balham on the map," he says.

"Balham is a good example of an area where a branded coffee company can be in at the early stages of gentrification. Caffè Nero opened; Marks & Spencer, Starbucks and a Waitrose followed. Once a coffee shop arrives it often adds momentum to an area that is on the up."

"I think people do regard coffee shops as a sign of the quality of an area," he says. "You could certainly do worse than buying in an area just after a big-name coffee shop has settled there."

Mauduit recently opened a shop in

Tooting Broadway. He has chosen the location on the basis of the healthy local residential property market, the proximity to a Tube station and the fact that there is an established shopping area.

"There aren't a lot of other coffee shops around that area, so since we've opened it has been a big success," he says.

Mr Mauduit describes the Cappuccino Index as a "chicken and egg scenario", adding: "I don't know which comes first: gentrification or coffee shops opening up."

"We keep our eyes open for indications of middle-class affluence — signs of people who would be our customers in an area. We look for a good healthy residential market, and being close to a Tube is a plus, as is an established shopping area."

"I'm keen to stress this whole process is not highly technical or rocket science. A lot of it is gut feeling, and knowing the make-up of the area."

HOWEVER, one thing you can guarantee is that coffee shops are unlikely to spring up in an area that isn't already starting to warm up. "We don't start the gentrification process," explains Clive Bentley, Costa Coffee's property director.

"We have to be sure the area already has potential customers who have money to spend, but we can spot it quickly and in its very early stages."

Costa has a detailed demographic index that breaks up the whole of the UK into five social types. The categories they are particularly interested in are prosperous professionals, educated urbanites and aspiring singles.

"We might look a mile outside of Clapham, for example, and see how many people live in these areas that fit those categories," says Mr Bentley.

"Basically, we see an opportunity: a marketplace where young people need to be catered for." He is also particularly interested in areas he describes as "London urban villages", such as Crouch End, where Costa Coffee opened 18 months ago (see our case study).

A word of warning: don't think you are going to bag a bargain where there are already plenty of coffee shops. In places such as Hampstead, Notting Hill and Clapham the coffee shops opened years ago, the high streets are full of great shops, restaurants and bars and prices are already sky high.

But for the rest of London, the trick is to keep your eyes peeled for where the coffee is starting to boil — and get in before the property prices overheat.

Where the trends are brewing...

Whitechapel

Starbucks opened in March 2007
Within walking distance of the City, Whitechapel is very central. The recently expanded Whitechapel Gallery, as well as the music scene involving Pete Doherty and Razorlight, has given the area new cachet.



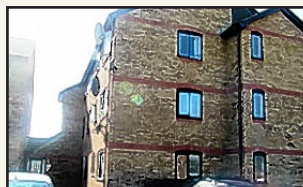
Three-bed, second-floor flat in Pinchin Street, E1, a short walk to Aldgate East, Shadwell and Tower Gateway Tube. £230,000, Foxtons, 0800 369 8667



Two-bed flat in Lindley Street, E1, with eat-in kitchen, private balcony, 18ft reception room and a modern bathroom. £245,000, Foxtons, as before

Stratford

Starbucks opened in March 2007
Clever young professionals have been snapping up terraced houses here for a couple of years. It is on the Jubilee and Central lines and the DLR, and will be an international stop for Eurostar from November.



Two-bedroom purpose-built flat in Abbey Lane, E15, with a large lounge, parking and a new bathroom. £195,000, findaproerty.com



Two-bedroom flat in a Victorian conversion in Harcourt Road, E15, with a 25ft garden. £173,000, findaproerty.com

IN AND GRAB A BARGAIN HOME BEFORE THE PRICES SHOOT UP

What's hot on the Coffee Shop Index?



Crouch End: a rise of £71,000 since 2003

JAMES UNDERHILL is a 30-year-old financial PR who is single and has lived in Crouch End for four years. He bought his three-bed flat in 2003 for £379,000 and sold it this year for £450,000. "When I moved in there was a lot of empty retail space. The shops weren't interesting and the pubs weren't great. Then a Starbucks and Costa Coffee opened about 18 months ago, and the high street changed massively soon after. A Marks & Spencer opened and a

Tesco; the pubs have had a makeover and lots of other cafés opened, with more alfresco dining." He has also noticed that gradually the population of Crouch End has become younger and more affluent. "It has always been quite bohemian and populated by media types. Now, it's a bit more young professional, and people seem to have more money. Now most of my friends live in the area, or as close to Crouch End as they can be."



Something's brewing: James Underhill at Costa in Crouch End

Property Zone

3 TO BUY & 3 TO LET

TO BUY FOR £200,000



ZONE 1 Studio flat close to Baker Street Tube and Regent's Park. £200,000. foxtons.co.uk



ZONE 4 Two-bedroom flat close to North Wembley Tube. £209,950. winkworth.co.uk



ZONE 5 One-bed flat near Barking Tube. Due for completion in October. £190,000. knightfrank.co.uk

TO RENT FOR £200 a week

ZONE 1: Two-bedroom flat with modern kitchen near Elephant & Castle Tube. £200pw. kfh.co.uk



ZONE 4 Furnished two-bed maisonette near Shortlands main line station. £196pw. kfh.co.uk



ZONE 5 Two-bed flat with parking. Nearest Tube is Cockfosters. £208pw. winkworth.co.uk

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