

# MAYFAIR SUB-£5 MILLION MARKET INSIGHT 2016

The relatively healthy performance of the Mayfair market over the last two years has been driven by activity in the sub-£5 million price bracket, as Jonathan Hough tells Tom Bill

Mayfair has been more immune than other areas of prime central London to a slowdown in price growth over the last two years.

Growth began to cool in summer 2014, accelerated by a series of tax changes that included two stamp duty increases in 18 months. The result was a -8.2% decline in the number of £1 million-plus transactions in prime central London in the year to April 2016 compared to the same period 12 months earlier.

However, transactions only declined by -3.6% over the same period in Mayfair, an area defined by the W1K, W1J and W1S postal areas.

Furthermore, Mayfair is the only area in the boroughs of Westminster and Kensington & Chelsea that has not experienced negative annual growth since the financial crisis.

The average rate of annual growth in Mayfair was 2.9% in the two years to July 2016, compared to -1.4% in Knightsbridge, 0.7% in Belgravia and 0.5% in Kensington.

Two key reasons for this stronger performance are the area's high-quality development pipeline and the fact pricing is catching up with London's other 'golden postcodes'.

Prices in Mayfair grew 58% between the last low point in March 2009 and July 2016, which compares to 69% in Kensington, 65% in Knightsbridge and 73% in Marylebone.

Price performance has been driven to a large extent by the sub-£5 million market, a price bracket that represented 76% of all Mayfair transactions in the year to April 2016. A typical £5 million property in Mayfair is a three-bedroom flat on a prime street like South Audley Street.

Indeed, the number of sub-£5 million transactions in Mayfair increased 17.5% in the year to April 2016 versus the previous 12 months.

"There is a belief among investors that Mayfair is performing well relative to other areas,"

FIGURE 1

## Sub £5 million property prices in Mayfair and surrounding area

Excludes £5 million+ sales, average price, 12 months to April 2016

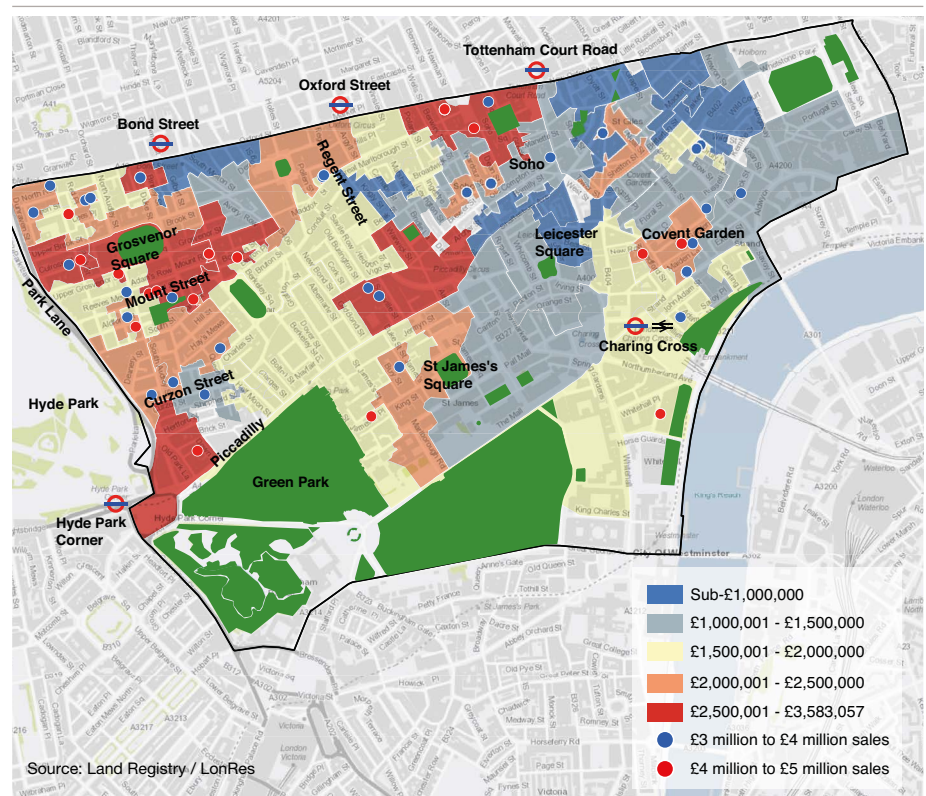
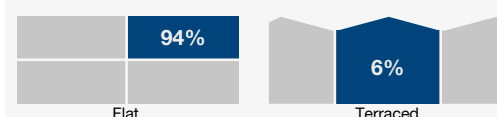


FIGURE 2 Mayfair fact sheet

0.8%	Price growth in the year to July 2016
23.4%	Price growth in the five years to July 2016
76%	Percentage of properties sold in Mayfair for less than £5 million in the year to April 2016

**Blue Plaques**  
**Frederic Chopin** Composer  
**PG Wodehouse** Writer  
**Thomas Gainsborough** Painter

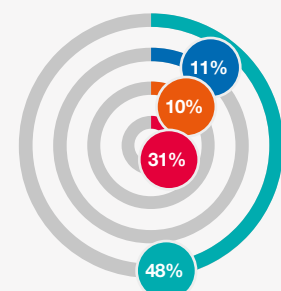
**PROPERTY TYPE**  
 (£1 million-plus sales, two years to April 2016)



**Population: 15,649**

### AGE OF HOUSING STOCK

Pre-1900 1900-1939  
 1945-1972 1973-present



Source: Knight Frank Research



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said Jonathan Hough, of Knight Frank's Mayfair office. "A high-quality pipeline of new developments and public realm improvements mean the area has become more in-demand in recent years."

As an indicator of this growing demand, the number of new prospective buyers registering in Mayfair between January and July 2016 increased 16.3%, which compares to 4.5% across prime central London.

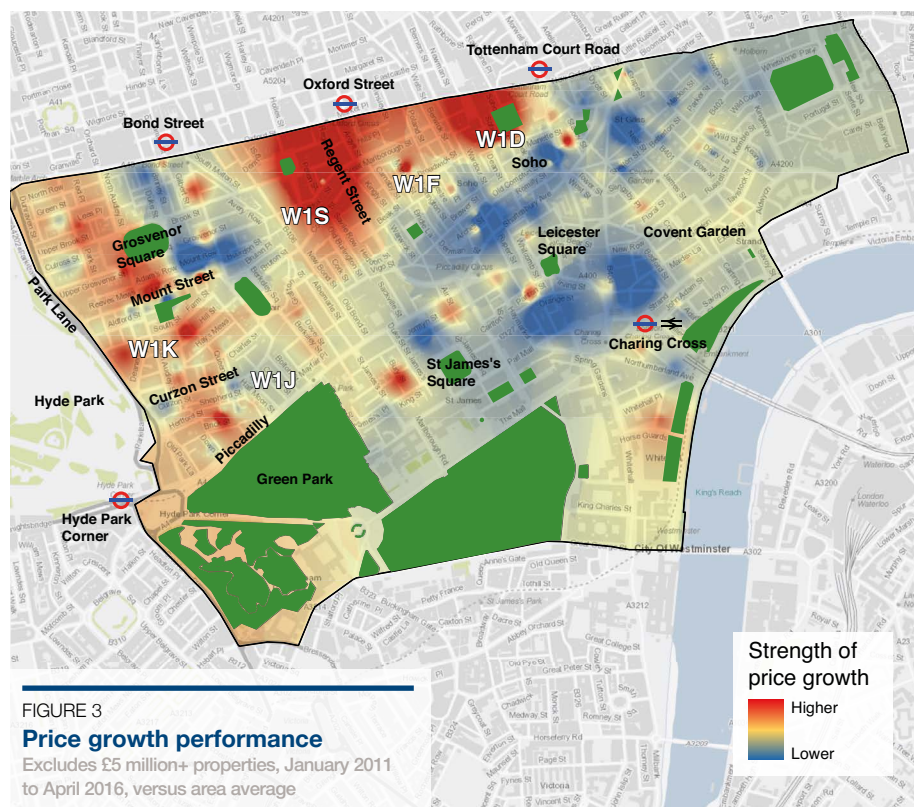
Led by large landowners the Grosvenor Estate and the Crown Estate, a growing focus on luxury retail and an improving public realm has also supported residential demand.

The EU referendum result has reinforced a mood of price sensitivity caused by higher rates of stamp duty, however the weakness of Sterling has sparked stronger demand in international markets like Mayfair, meaning many buyers benefit from an effective double-digit discount compared to the start of the year.

Furthermore, with current record low bond yields, the erratic performance of hedge funds and question marks over the sustainability of the recent stock market run, property remains an attractive asset class by comparison.

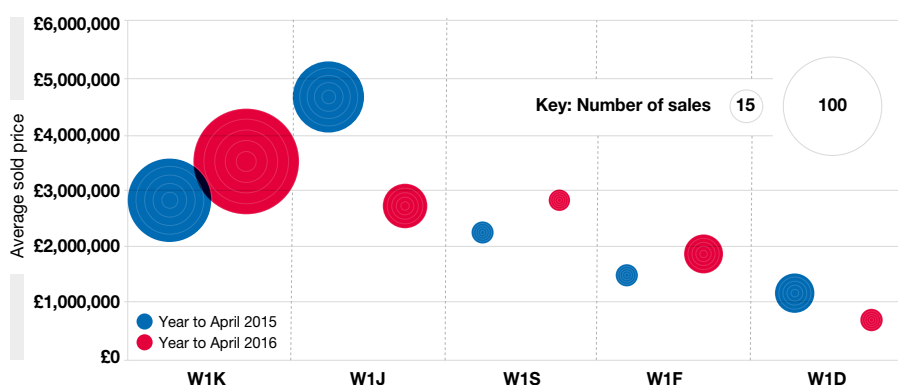
For investors, there are also perennial reasons that drive demand in Mayfair and it remains the indisputable luxury epicentre of London. Its 29 Michelin starred restaurants is almost three times more than any other residential area of London and its 44 five-star hotels is four times greater.

For investors, there is also a strong international tenant base in Mayfair. Since 2014, Knight Frank has agreed deals with tenants from 39 different nationalities. Mayfair is also popular with international students due the proximity of many of London's leading universities including University College London and the School of Oriental and African Studies.



**FIGURE 4**  
**Average sold prices and sales volumes by neighbourhood** Excludes £5 million-plus sales

Note: Variations in average sold prices between different time periods are not necessarily indicative of price growth



Source: Knight Frank Research

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