



# News Release

Date: 27 June 2009

## **Super-prime London prices rise for first time since 2008**

### **Headlines: -**

- Residential prices in prime central London rose 1.7% in June, the third successive monthly rise
- The most expensive sector - the £10m+ market also saw prices rise (up 1.9%) during June for the first time since April 2008
- Between April and June prices in prime central London rose 3.7% - the strongest rate of three-monthly growth since September 2007
- On an annual basis prices fell 17.2% in the year to the end of June
- Prices have held up on the back of tight supply of property - with 29.2% fewer properties available in June this year compared to a year earlier
- The number of new applicants looking to buy property has increased by 14% over the same year-on-year basis
- Viewing volumes are also up, by 7% over the same period

### **Liam Bailey, head of residential research at Knight Frank, commented: -**

"The central London market recovery has continued for a third month in succession. Price rises last month were led by the £10m+ sector which saw prices rise for the first time since the downturn began. This is a significant shift in the market as the rises seen over the past two months had been led by the sub-£1m and the £1-2m sectors. We have noted growing confidence from the wealthiest buyers in recent months - in terms of viewings and offers and this has now translated into actual sales.

"The biggest growth in £10m+ applicants over the past three months have been Russians and Europeans - especially those from Greece, Italy, France and Spain. There is some urgency from Euro zone buyers - keen to secure the benefit they are seeing from the weakness of Sterling. There is an expectation that Sterling could strengthen through the year and this is prompting negotiations to shorten as overseas buyers attempt to reach



exchange of contracts as soon as possible. This urgency has contributed to a shortening in the time taken to sell properties - the average time between the commencement of marketing and exchange of contracts in prime central London has fallen from 71 days in April to 57 days in June.

"The signs are that tight supply of property will remain through the summer months - with the volume of new stock expected to come to the market in July around 40% lower on a year-on-year basis.

"There is a risk that the stronger market we have seen over the past three months will prompt vendors to push prices upwards and become more ambitious. There is some evidence which suggests this could already be happening - the asking to achieved price ratio, which had narrowed from 84% in March (i.e. the average accepted price was 16% below the asking price) to 91% in May - this figure slipped back to 87% in June.

"The key themes at the current time are: prices moving up across the market, tight supply of property, demand growth - especially from European buyers - although these buyers are now being joined by Middle Eastern purchasers as we move into the summer."

### **Knight Frank Prime Central London Index results**

	<b>KF PCL Sales Index</b>	<b>12 month % change</b>	<b>6 month % change</b>	<b>3 month % change</b>	<b>Monthly % change</b>
Apr-08	4,739.7	15.8%	1.8%	-0.5%	-1.2%
May-08	4,660.2	11.2%	-0.1%	-2.8%	-1.7%
Jun-08	4,577.3	5.8%	-2.8%	-4.6%	-1.8%
Jul-08	4,491.4	-0.1%	-5.7%	-5.2%	-1.9%
Aug-08	4,414.5	-3.8%	-7.9%	-5.3%	-1.7%
Sep-08	4,321.3	-7.0%	-9.9%	-5.6%	-2.1%
Oct-08	4,152.6	-10.8%	-12.4%	-7.5%	-3.9%
Nov-08	4,003.2	-14.1%	-14.1%	-9.3%	-3.6%
Dec-08	3,914.6	-16.9%	-14.5%	-9.4%	-2.2%
Jan-09	3,769.5	-20.9%	-16.1%	-9.2%	-3.7%
Feb-09	3,713.3	-22.52%	-15.9%	-7.2%	-1.5%
Mar-09	3,652.2	-23.86%	-15.5%	-6.7%	-1.6%
Apr-09	3,666.3	-22.6%	-11.7%	-2.7%	0.4%
May-09	3,725.9	-20.05%	-6.9%	0.3%	1.6%
June-09	3,789.0	-17.22%	-3.2%	3.7%	1.7%

Source: Knight Frank Residential Research



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**Notes to Editors**

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**Knight Frank area definitions**

Prime central London is taken to include: Mayfair, Marylebone, St John's Wood, Regent's Park, Kensington, Notting Hill, Chelsea, Knightsbridge, Belgravia and the South Bank (from Westminster Bridge to Tower Bridge/Shad Thames)

Prime London is taken to include all the above plus: Canary Wharf, Hampstead, Fulham, Richmond, Wandsworth, Wapping and Wimbledon.