



APRIL 2018

The prime London sales indexes are based on repeat valuations of second-hand stock and do not include new-build property, although units from completed developments are included over time.

PRIME CENTRAL LONDON

Prime central London index | **5,892.0**

Annual change | **-1.2%**

Quarterly change | **0.6%**

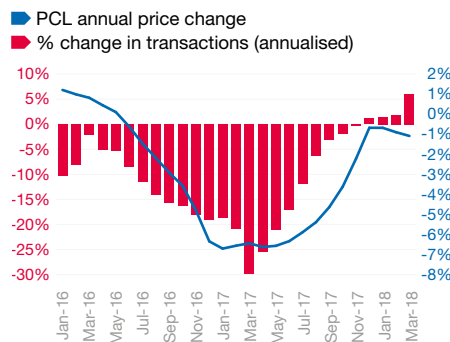
Monthly change | **-0.3%**

Figure 1 The number of transactions in the year to March 2018 rose 6% compared to the previous 12-month period. Activity has risen and price declines have bottomed out as the market adapts to higher rates of stamp duty.

Figure 2 When sales volumes are split by price band, the biggest increase in the year to March 2018 was between £5 million and £10 million, suggesting stamp duty hikes have become more absorbed by the market at this price point.

FIGURE 1

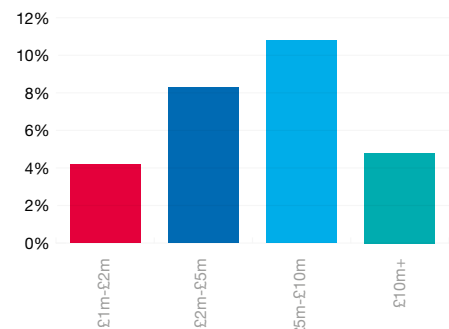
Transactions rise and prices bottom out
 Annual growth and annualised % change in sales volumes



Source: Knight Frank Research / LonRes

FIGURE 2

£5m-£10m sees biggest growth in sales volumes
 % change, year to March 2018 versus year to March 2017



Source: Knight Frank Research / LonRes

PRIME OUTER LONDON

Prime outer London index | **281.0**

Annual change | **-3.1%**

Quarterly change | **0.7%**

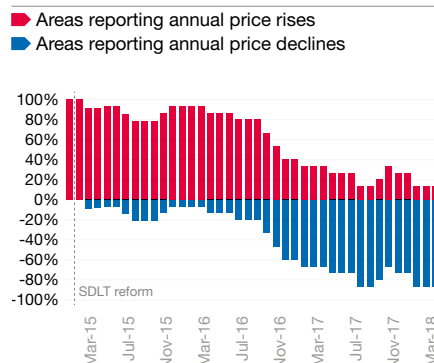
Monthly change | **-0.1%**

Figure 3 There were more offices in prime outer London reporting an annual price decline than a price rise in March. Buyer caution around stamp duty remains a factor, as does political uncertainty.

Figure 4 Higher rates of stamp duty appear not to be fully reflected in asking prices yet. The average number of days a property was on the market was 22% higher in the year to March 2018 compared to the previous 12-month period, suggesting reluctance on the part of buyers to meet some asking prices.

FIGURE 3

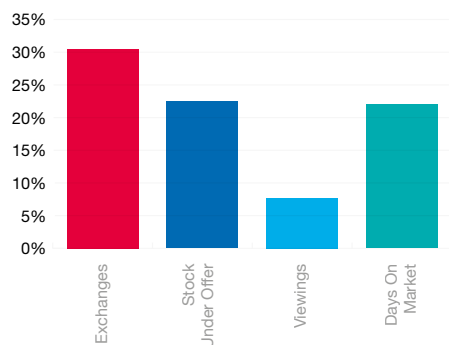
Price rises versus declines
 Monthly % of areas reporting rises or declines



Source: Knight Frank Research

FIGURE 4

Average sale times rise
 Year to March 2018 versus year to March 2017



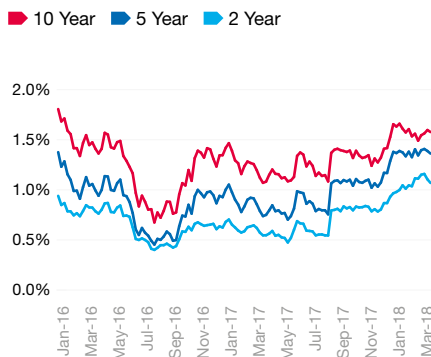
Source: Knight Frank Research

ECONOMIC DATA

Figure 5 Swap rates have moved upwards over the last six months as expectations of an interest rate rise mounts. However, there was a minor dip in recent weeks as economic data, including a lower than expected rate of inflation, has reduced the likelihood of a rise in May.

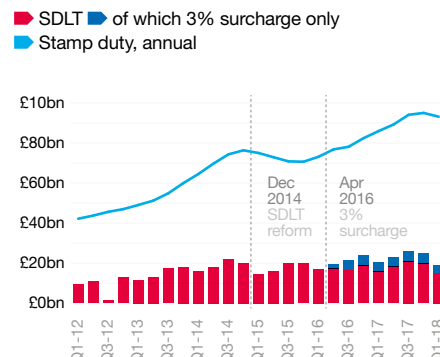
Figure 6 The annual stamp duty take was £9.3 billion in the year to March 2018, which was down slightly from £9.5 billion in the previous year. Some 69,000 first time buyers have benefitted from stamp duty relief since last November, which helped push the figure down. Quarterly revenue from the 3% surcharge fell 25% to £364 million in Q1 2018.

FIGURE 5
Swap rates rise but May rate hike less likely



Source: Knight Frank Research

FIGURE 6
Residential stamp duty receipts decline



Source: Knight Frank Research

FIGURE 7
PRIME CENTRAL LONDON Price growth by price band, time period and property type

	up to £1m	£1m to £2m	£2m to £5m	£5m to £10m	over £10m	Flat	House
1 month	-0.2%	-0.4%	-0.4%	-0.2%	-0.2%	-0.4%	-0.3%
3 months	-0.3%	-0.8%	-0.7%	-0.2%	-0.7%	-0.7%	-0.3%
6 months	-0.9%	-0.9%	-1.4%	-0.6%	-1.1%	-1.3%	-0.5%
1 year	-1.5%	-1.6%	-2.0%	1.2%	-0.2%	-1.7%	0.0%
YTD	-0.7%	-0.8%	-1.0%	-0.5%	-0.8%	-1.0%	-0.3%

FIGURE 8
PRIME OUTER LONDON Price growth by price band, time period and property type

	up to £1m	£1m - £2m	£2m - £3m	£3m - £4m	£4m - £5m	over £5m	Flat	House
1 month	-0.1%	-0.2%	0.0%	0.0%	-0.1%	0.2%	-0.2%	0.0%
3 months	-0.8%	-0.7%	-0.8%	-1.0%	-1.3%	-0.8%	-1.0%	-0.7%
6 months	-2.4%	-2.4%	-2.6%	-3.2%	-2.3%	-2.9%	-2.9%	-2.3%
1 year	-3.5%	-4.0%	-3.7%	-3.6%	-0.8%	-2.0%	-3.6%	-3.3%
YTD	-1.1%	-1.5%	-1.1%	-1.7%	-1.7%	-1.7%	-1.5%	-1.3%

DATA DIGEST

The Knight Frank Prime Central London Index, established in 1976, is the longest running and most comprehensive index covering the prime central London residential marketplace. The index is based on a repeat valuation methodology that tracks capital values of prime central London residential property.

Prime central London is defined in the index as covering: Aldgate & the City, Belgravia, Chelsea, Hyde Park, Islington, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Riverside, South Kensington, St John's Wood, Tower Bridge and Victoria.

Prime Outer London comprises Barnes, Battersea, Belsize Park, Canary Wharf, Chiswick, Clapham, Dulwich, Fulham, Hampstead, Queen's Park, Richmond, Wandsworth, Wapping and Wimbledon.

RESIDENTIAL RESEARCH



Tom Bill
Head of London Residential Research
+44 20 7861 1492
tom.bill@knightfrank.com

PRESS OFFICE

Harry Turner
+44 20 3861 6974
harry.turner@knightfrank.com



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