



# News Release

Date: 6 October 2010

## Prime London property prices fall for the third month in a row

### **Knight Frank Prime Central London Index, September 2010 results**

- The average price of prime central London residential properties fell for the third month in a row during September.
- Prices fell by 0.2% over the month, and have now fallen by 0.7% since June.
- Despite the recent modest price falls, prices are still nearly 15% higher than they were a year ago and 23% higher than the low reached in March 2009.

**Liam Bailey, Knight Frank's head of residential research commented:** "The central London residential market has experienced a strong revival over the past 18 months, with both prices and sales volumes rising steadily from the very weak market we saw in late 2008 and early 2009.

"The London market has certainly felt the benefit of the weak pound, which has drawn in more overseas buyers, and more importantly very low mortgage rates – which have encouraged new purchaser activity.

"There is no doubt that the market slowed over the summer period, and as we move through the autumn market there is a more cautious approach from potential buyers. Which means that vendors are having to look very carefully at pricing.

"Price falls over the past three months are not surprising, bearing in mind the strong growth we have seen since March 2009, however these falls do provide a warning to potential vendors regarding setting asking prices.

"Looking ahead, the danger for vendors is in overly ambitious pricing. Most agents feel that asking prices are currently 5% to 10% above realistic levels and until vendors move to address this issue the market will be slow in terms of the numbers of sales achieved.



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“Our latest data confirms that the number of new buyers coming into the market slipped by 13% on a year-on-year basis in September, while the number of properties for sale rose by 13% over the same period.

“Low supply has been a noticeable feature of the market for over a year, recently however there has been a welcome improvement. We have seen the addition of some very good quality properties for sale across most price brackets, which has helped to generate additional interest from buyers.

“Supply and demand trends have favoured vendors over the past year, but through the summer the market has begun to shift slowly in favour of the buyer. Although competitive bidding remains a common feature of the market for the best properties.”

	<b>KF Prime Central London Index</b>	<b>12 month % change</b>	<b>6 month % change</b>	<b>3 month % change</b>	<b>monthly % change</b>
Oct-09	4,020.0	-3.19%	9.6%	4.5%	2.1%
Nov-09	4,067.2	1.60%	9.2%	4.7%	1.2%
Dec-09	4,154.6	6.13%	9.6%	5.5%	2.1%
Jan-10	4,201.2	11.45%	9.2%	4.5%	1.1%
Feb-10	4,334.8	16.74%	11.5%	6.6%	3.2%
Mar-10	4,367.0	19.57%	10.9%	5.1%	0.7%
Apr-10	4,425.7	20.71%	10.1%	5.3%	1.3%
May-10	4,487.7	20.45%	10.3%	3.5%	1.4%
Jun-10	4,526.4	19.46%	9.0%	3.7%	0.9%
Jul-10	4,506.0	17.15%	7.3%	1.8%	-0.5%
Aug-10	4,503.9	15.89%	3.9%	0.4%	0.0%
Sep-10	4,496.1	14.18%	3.0%	-0.7%	-0.2%

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## **Notes to Editors**

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