

FLATS WOULD BE MAJORITY OF 'MANSION TAX' PROPERTIES IN LONDON

Knight Frank analysis shows three-quarters of properties in Greater London worth more than £2 million are flats or terraced houses, says Tom Bill

SEPTEMBER 2014

Annual growth slowed to 7.4% in September after a monthly rise of 0.4%

Quarterly growth of 1% was the second lowest in four years as next May's general election approaches

Westminster and Kensington & Chelsea have **46% of £2 million-plus properties in England and Wales**

26% of £2 million-plus properties in England and Wales are flats in the two London boroughs

38% of all £2 million-plus properties in Greater London are flats while **only 14% are detached properties**



TOM BILL
Head of London Residential Research

"The figures demonstrate the mismatch between perception, in particular the term 'mansion', and the reality of the London property market"

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Price growth in prime central London continued to moderate in September, with the annual increase slowing to 7.4%, which was the lowest figure since January.

Prices grew 0.4% from August and growth over the quarter was 1%, the second lowest figure in four years, which is indicative of how demand is easing after 47 consecutive months of price rises.

The market is pausing for breath after a prolonged period of growth but a degree of short-term political uncertainty is also dampening demand.

Doubt, for example, surrounds the possible introduction of a so-called "mansion tax" on properties worth more than £2 million after next May's general election.

The proposal has been criticised by politicians from all parties for its disproportionate impact on London and Knight Frank analysis of the two prime central London boroughs of Westminster and Kensington & Chelsea shows to what extent this would be the case.

The two boroughs contain 46% of the total number of £2 million-plus properties in the whole of England and Wales, with the potential

overall financial contribution likely to far exceed that.

Furthermore, 26% of £2 million-plus properties in England and Wales are flats in the two London boroughs, not the type of large detached property envisaged by the tax.

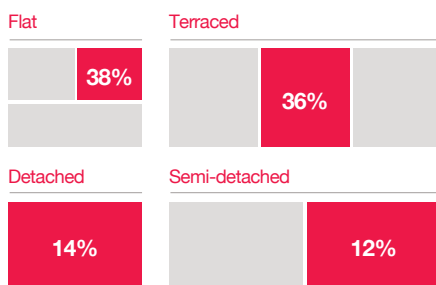
More significantly, across the whole of Greater London, 38% of all £2 million-plus properties are flats while only 14% are detached properties. Terraced houses are the second largest group at 36% while semi-detached properties make up the remaining 12%.

The figures demonstrate the mismatch between perception, in particular the term 'mansion', and the reality of the London property market, where three-quarters of £2 million-plus properties are either flats or terraced houses.

Any further property tax would also come on top of the large and growing contribution London already makes in the form of stamp duty.

Data for the 2013/14 tax year shows London properties contributed 81% of stamp duty revenue in the £2 million-plus price bracket in England and Wales, up from 79% in the previous year.

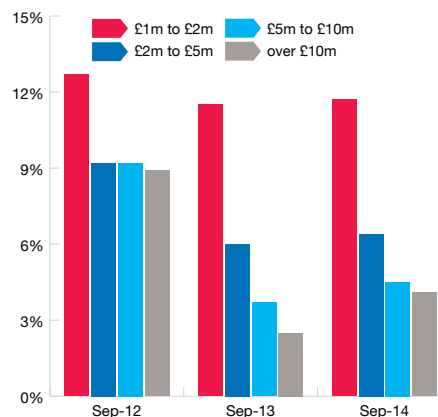
FIGURE 1
£2 million-plus properties in Greater London by type



Westminster } Have **46%** of £2 million-plus properties in England and Wales
Kensington & Chelsea } Flats in 2 boroughs are **26%** of all £2 million-plus properties in England and Wales

Source: Knight Frank Residential Research

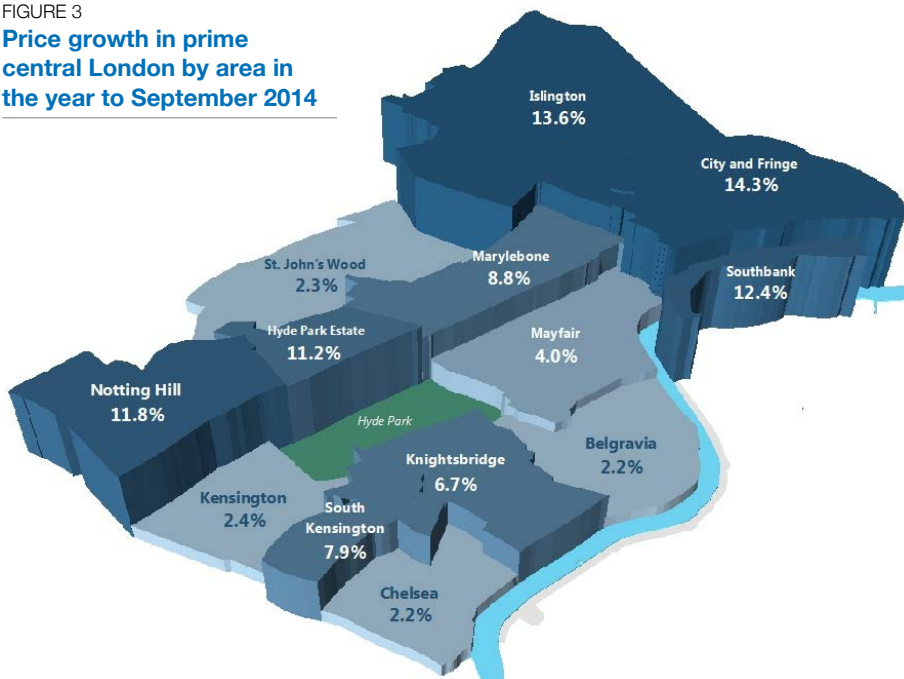
FIGURE 2
Annual price growth by price bracket



Source: Knight Frank Residential Research

PRIME CENTRAL LONDON SALES INDEX

FIGURE 3
Price growth in prime central London by area in the year to September 2014



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: Belgravia, Chelsea, Hyde Park, Islington, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Regent's Park, St John's Wood, Riverside* the City and the City Fringe. 'Prime London' comprises all areas in prime central London, as well as Canary Wharf, Fulham, Hampstead, Richmond, Wandsworth, Wapping and Wimbledon.

* Riverside covers the Thames riverfront from Battersea Bridge in the west running east to include London's South Bank. The City Fringe encompasses the half-mile fringe surrounding most of the City including Clerkenwell and Farringdon in the west and Shoreditch and Whitechapel in the east.

Knight Frank Prime Central London Index

	KF Prime Central London Index	12-month % change	6-month % change	3-month % change	Monthly % change
Sep-13	5,908.3	7.20%	3.50%	1.70%	0.70%
Oct-13	5,955.5	7.20%	3.60%	2.00%	0.80%
Nov-13	5,969.0	7.00%	3.20%	1.70%	0.20%
Dec-13	6,017.9	7.70%	3.60%	1.90%	0.80%
Jan-14	6,043.6	7.80%	3.60%	1.50%	0.40%
Feb-14	6,083.4	7.50%	3.70%	1.90%	0.70%
Mar-14	6,135.1	7.50%	3.80%	1.90%	0.80%
Apr-14	6,182.4	7.50%	3.80%	2.30%	0.80%
May-14	6,231.2	7.80%	4.40%	2.40%	0.80%
Jun-14	6,278.7	8.10%	4.30%	2.30%	0.80%
Jul-14	6,297.3	7.90%	4.20%	1.90%	0.30%
Aug-14	6,318.9	7.70%	3.90%	1.40%	0.30%
Sep-14	6,343.4	7.40%	3.40%	1.00%	0.40%

Source: Knight Frank Residential Research

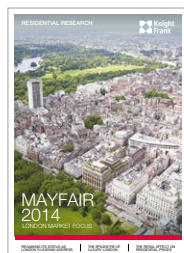
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