



## Residential development land values unchanged in Q1 2012

**Knight Frank's unique development land index shows that the market 'took a breather' in the first three months of the year after steep rises in land values in central London in 2011. Gráinne Gilmore examines the data**

### Results for Q1 2012

**The average value of residential land remained unchanged in UK in Q1, after a 1.3% rise in Q4 2011**

**Prime central London development land prices also remained static in the first quarter**

**Demand for residential land in the UK outstrips limited supply**

### UK:

Prices remained stable across the UK in the first three months of the year, reflecting the wider movement in house prices, which have also remained broadly static. This comes after a 1.3% rise in development land values in 2011.

Land prices fell in the North West between January and March, while prices in the West Midlands and Greater London picked up. Prices in all other regions remained unchanged.

As housebuilders reported in their trading updates over the past month, viewings and sales have been positive across the board during the start of the year, suggesting a market which continues to recover from the trough seen in 2009 in the aftermath of the financial crisis.

But supply remains very limited – a reflection of the slowdown in the number of landowners applying for planning in 2009 and 2010. As a result, there are fewer sites with planning consent available. In addition, given the introduction of new planning rules,

it is now taking longer to achieve planning in many areas, further exacerbating the lack of supply.

Housebuilders are still absorbing the potential impact of the Community Infrastructure Levy (CIL), which could weigh on land prices outside London. Furthermore it may deter land owners from putting their land up for sale at this stage in the market.

### Prime central London:

The first quarter saw a relatively flat market from a pricing perspective.

This contrasted with demand as buyers continued to demonstrate a good appetite for sensibly priced opportunities.

Developers and investors alike remain keen to secure schemes. However their approach is one of realism as they are aware that unsupportable assumptions will not find favour with their funding sources.

Average property prices in prime central London rose by 2.7% in the first three months of the year.

Figure 1  
**Annual % change in residential land values: 2011**

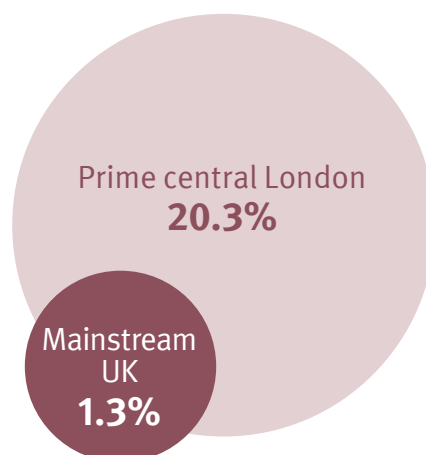
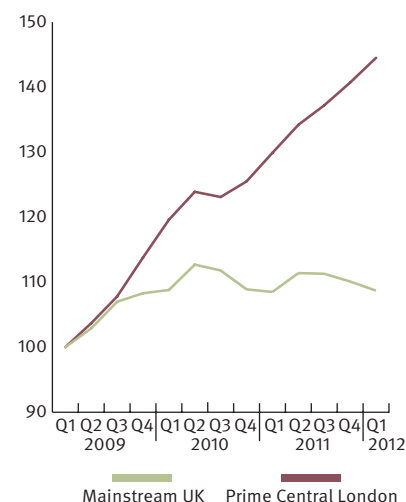


Figure 2  
**How house prices have moved**



“Housebuilders are still absorbing the potential impact of the Community Infrastructure Levy.”



Gráinne Gilmore, Head of UK Residential Research

Source: Knight Frank Residential Research

Source: Knight Frank Residential Research

# RESIDENTIAL RESEARCH RESIDENTIAL DEVELOPMENT LAND INDEX Knight Frank



## Residential Research

### Gráinne Gilmore

Head of UK Residential Research  
+44(0)20 7861 5102  
grainne.gilmore@knightfrank.com

## Press Office

### Rosie Cade

+44 (0)20 7861 1068  
rosie.cade@knightfrank.com

## Notes to Editors

We have refined our methodology for our development land series and our new series is not directly comparable to previous residential development land data. Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner, Newmark Knight Frank, operate from 244 offices, in 43 countries, across six continents. More than 7,067 professionals handle in excess of US\$817 billion (£498 billion) annually, advising clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit [www.knightfrank.com](http://www.knightfrank.com).

## Recent market-leading research publications



[The Wealth Report 2012](#)



[Super-prime London Report 2011](#)



[The London Review Spring 2012](#)



[Prime Central London Sales Index April 2012](#)



## Global Briefing

For the latest news, views and analysis on the world of prime property, visit [KnightFrank.com/GlobalBriefing](http://KnightFrank.com/GlobalBriefing)

Knight Frank Research Reports are available at [www.KnightFrank.com/Research](http://www.KnightFrank.com/Research)

© Knight Frank LLP 2012 - This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Residential Research or Knight Frank LLP for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Residential Research. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Registered office: 55 Baker Street, London, W1U 8AN