



News Release

Date: 7 May 2010

Eurozone crisis boosts luxury London housing market

Knight Frank Prime Central London Residential Index – April 2010 results

Headlines:

- **Prime London house prices rose 1.3% in April**
- **Prices are now 21% higher than their post-crash low reached in March last year and 7.7% below their peak in March 2008**
- **Sales volumes on a year-on-year basis rose in April, up 18% compared to April 2009, but fell on a month-on-month basis (by 23% between March and April) as the election began to act as a drag on the market**
- **International purchases in the £2m+ sector now account for 56% of all buyers**
- **Demand from purchasers from Greece has risen steeply, with these buyers doubling their market share from 3% to 6% in the £2m+ sector over the past 12 months**

Liam Bailey, head of residential research, Knight Frank, commented: “The prime London market recovery has continued into its second year, with prices rising continually for 13 straight months.

“While prices have recovered from their low in March last year, the market has been struggling to maintain the growth of volumes experienced through the autumn and the early spring. In April, sales volumes actually dropped 23% from the total recorded in March.

“Anecdotal evidence suggests that the election has had the impact of slowing purchase interest in the market, and certainly throughout April the market has experienced a more difficult period for agents in trying to get deals to stick together.

“The real bright spot throughout the market has been international demand. These buyers have been taking an ever larger share of the market following the weakening of the pound. The number and range of nationalities widens every month, with German, Indian, Pakistani and Greek buyers all coming through at the current time.



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“Ironically there does seem to have been a positive impact on the London market from the current Eurozone sovereign debt crisis, with European buyers becoming much more active. With the current crisis focused on Greece there has been a direct impact in terms of demand from this source.

“Greeks have averaged around 3% of all prime central London £2m+ purchases over the last three years, however in the six months to the end of March their share of the market has doubled to 6%, still well below the 13% accounted for by Italians, and the 15% by Russians.

Rupert des Forges, partner, Knight Frank Knightsbridge, commented: “There has been a real trend for wealthy Greek families to invest in UK property for a variety of reasons – but the “safe haven” driver is a big one.

“Over the past two months the demand from all nationalities in central London has risen, but Greek buyers have been especially active and have been competing hard for the limited number of high quality properties currently available.”

Knight Frank Prime Central London Index results – April 2010

	Knight Frank Prime Central London Index	12 month % change	6 month % change	3 month % change	monthly % change
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	-22.65%	-11.7%	-2.7%	0.4%
May-09	3,725.9	-20.05%	-6.9%	0.3%	1.6%
Jun-09	3,789.0	-17.22%	-3.2%	3.7%	1.7%
Jul-09	3,846.5	-14.36%	2.0%	4.9%	1.5%
Aug-09	3,886.3	-11.96%	4.7%	4.3%	1.0%
Sep-09	3,937.7	-8.88%	7.8%	3.9%	1.3%
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%

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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, Hyde Park, 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, Richmond, Wandsworth, Wapping and Wimbledon.

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