



News Release

Date: 12th May 2011

Average house prices in central London have risen £767 every day over the last year

Prime Central London Index, April 2011

- Capital values rose 1% in April, contributing to an annual rate of growth of 8.3%
- Typical prime central London properties saw prices rise by £767 every day over the past 12 months
- Average values for prime residential property in central London have now risen by 31.2% since March 2009, the post-credit crunch market trough
- The market is being led by properties in the £1m to £5m price bracket, which have seen prices rise by nearly 4% in the past 3 months. The strongest geographical markets are: Mayfair, Marylebone, St John's Wood and Kensington – all with more than 10% growth over the past 12 months.

Liam Bailey, Head of Knight Frank Residential Research, said: “The dislocation between the central London market and the wider UK market has widened into a chasm over the past 12 months.

“Both markets bounced back in 2009, after freefalling in 2008, but whereas the national market stuttered to a halt after the reality of the UK's economic and fiscal position became clear after last year's election, the central London market has kept powering ahead.

“Over the past 12 months price growth in central London has totalled 8.3%, whereas in the UK the corresponding figure has been a fall of -1.3%.

“Price growth is only one aspect to be considered when assessing the health of a market, arguably just as important is the volume of sales being undertaken. Again the disparity between the central London market and the UK is widening over time, with sales in the first four months of 2011 in the former market down only 31% and the latter down by almost 50% compared to the average volumes seen of the last decade.

“In previous market notes I have pointed to international demand as being a key contributor to London's bounce. There is no doubt that this is true – with more than 60 different nationalities active in



the market over the past 12 months. However we shouldn't underestimate the impact of the central London economic revival on pricing.

"UK buyers still account for around half of all transactions in the market and buyers in business and financial service employment represent at least 40% of all buyers in the robust £1m to £5m sector.

"Assuming that central London's jobs market can continue to outpace the wider UK market during 2011, it is likely that prices at current levels will be sustainable even if overseas demand begins to wane. "

**Based on the average value for a property in the Knight Frank Prime Central London index at £3,653,000.*

	KF Prime Central London Index	12 month % change	6 month % change	three monthly % change	monthly % change
Apr-09	3,666.3	-22.6%	-11.7%	-2.7%	0.4%
May-09	3,725.9	-20.0%	-6.9%	0.3%	1.6%
Jun-09	3,789.0	-17.2%	-3.2%	3.7%	1.7%
Jul-09	3,846.5	-14.4%	2.0%	4.9%	1.5%
Aug-09	3,886.3	-12.0%	4.7%	4.3%	1.0%
Sep-09	3,937.7	-8.9%	7.8%	3.9%	1.3%
Oct-09	4,020.0	-3.2%	9.6%	4.5%	2.1%
Nov-09	4,067.2	1.6%	9.2%	4.7%	1.2%
Dec-09	4,154.6	6.1%	9.6%	5.5%	2.1%
Jan-10	4,201.2	11.5%	9.2%	4.5%	1.1%
Feb-10	4,334.8	16.7%	11.5%	6.6%	3.2%
Mar-10	4,367.0	19.6%	10.9%	5.1%	0.7%
Apr-10	4,425.7	20.7%	10.1%	5.3%	1.3%
May-10	4,487.7	20.4%	10.3%	3.5%	1.4%
Jun-10	4,526.4	19.5%	9.0%	3.7%	0.9%
Jul-10	4,506.0	17.1%	7.3%	1.8%	-0.5%
Aug-10	4,503.9	15.9%	3.9%	0.4%	0.0%
Sep-10	4,496.1	14.2%	3.0%	-0.7%	-0.2%
Oct-10	4,485.7	11.6%	1.4%	-0.4%	-0.2%
Nov-10	4,524.3	11.2%	0.8%	0.5%	0.9%
Dec-10	4,583.9	10.3%	1.3%	2.0%	1.3%
Jan-11	4,633.7	10.3%	2.8%	3.3%	1.1%
Feb-11	4,679.7	8.0%	3.9%	3.4%	1.0%
Mar-11	4,742.5	8.6%	5.5%	3.5%	1.3%
Apr-11	4,790.8	8.2%	6.8%	3.4%	1.0%

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Notes to Editors

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