

Prices for London's prime homes continue to rise

Results for April 2013

Prime central London residential prices increased by **0.7% in April** and are up **2.9% this year to date**

The biggest price rises during April were seen in **Hyde Park (2.5%), Islington (1.6%) and City Fringe (1.5%)**

Over the past 12 months, **price growth in prime central London has totalled 7.7%**

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"International demand remains a key factor driving price rises, with ongoing demand for safe-haven investments."



Liam Bailey, Global Head of Residential Research

Prime central London property prices increased again in April and now stand 19.8% higher than the previous peak of market in March 2008. Liam Bailey examines the figures:

In April, property values in prime central London continued to rise, up by 0.7% compared to the previous month. April's increase means that in 2013 to date, prices have climbed 2.9% and are 7.7% higher than in April last year.

Hyde Park and Islington reported the biggest rises, with average prices up by 2.5% and 1.6% respectively compared to the previous month.

Despite higher prices, interest from buyers remains strong. In the first four months of 2013 the number of new buyers entering the market rose 45% compared to the same period in 2012. Property viewings were also up by 45% over the same period.

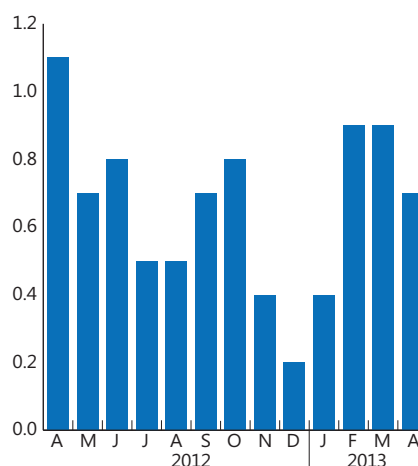
On the supply side, newly available property for sale has risen, meaning that stock volumes are 41% higher than a year ago. Despite this, transactions rose just 1% in the first four months of the year compared to 2012. However, it is worth noting that the first four months of 2012 were particularly strong in terms of market activity.

As was the case for much of 2012, homes valued at up to £2.5m continue to be the strongest performers in terms of price growth, with average values of prime properties in this bracket climbing 3.9% between January and April this year. For homes valued above this threshold, while still positive, price growth has been more muted.

International demand remains a key factor driving price growth. Overseas buyers continue to view London property as a safe haven investment in the wake of the financial crisis. The increasingly volatile global economy has only served to fuel demand among global investors. Over the 12 months to April 2013, overseas buyers accounted for 52% of all £2m+ prime central London sales.

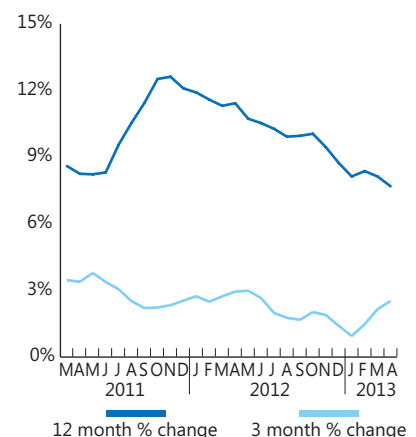
The weakness of sterling has played a part in making London property even more appealing to international buyers who are able to take advantage of currency discounts, an issue we explore in more depth in our [summer review of the prime London market](#).

Figure 1
Monthly price change
Prime central London average residential price change



Source: Knight Frank Residential Research

Figure 2
12 month and 3 month price change
Prime central London average residential price change



Source: Knight Frank Residential Research

RESIDENTIAL RESEARCH PRIME CENTRAL LONDON INDEX



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
Apr-11	4,790.8	8.2%	6.8%	3.4%	1.0%
May-11	4,856.9	8.2%	7.4%	3.8%	1.4%
Jun-11	4,902.7	8.3%	7.0%	3.4%	0.9%
Jul-11	4,937.0	9.6%	6.5%	3.1%	0.7%
Aug-11	4,979.1	10.5%	6.4%	2.5%	0.9%
Sep-11	5,010.9	11.4%	5.7%	2.2%	0.6%
Oct-11	5,047.2	12.5%	5.4%	2.2%	0.7%
Nov-11	5,095.2	12.6%	4.9%	2.3%	1.0%
Dec-11	5,138.3	12.1%	4.8%	2.5%	0.8%
Jan-12	5,185.5	11.9%	5.0%	2.7%	0.9%
Feb-12	5,222.0	11.6%	4.9%	2.5%	0.7%
Mar-12	5,278.9	11.3%	5.3%	2.7%	1.1%
Apr-12	5,338.2	11.4%	5.8%	2.9%	1.1%
May-12	5,378.1	10.7%	5.6%	3.0%	0.7%
Jun-12	5,419.1	10.5%	5.5%	2.7%	0.8%
Jul-12	5,444.2	10.3%	5.0%	2.0%	0.5%
Aug-12	5,473.0	9.9%	4.8%	1.8%	0.5%
Sep-12	5,510.0	10.0%	4.4%	1.7%	0.7%
Oct-12	5,554.6	10.1%	4.1%	2.0%	0.8%
Nov-12	5,576.7	9.4%	3.7%	1.9%	0.4%
Dec-12	5,587.2	8.7%	3.1%	1.4%	0.2%
Jan-13	5,607.1	8.1%	3.0%	0.9%	0.4%
Feb-13	5,659.2	8.4%	3.4%	1.5%	0.9%
Mar-13	5,707.9	8.1%	3.6%	2.2%	0.9%
Apr-13	5,748.6	7.7%	3.5%	2.5%	0.7%

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