

## 2015 GENERAL ELECTION EDGES ONTO THE RADAR IN PRIME CENTRAL LONDON

The UK general election is a year away and prime central London owners are beginning to consider how the market could be a different place after the summer, as Tom Bill explains.

### Results for April 2014

Annual growth of 7.5% in April has remained unchanged for three months

Prices rose 0.8% between March and April, the 42nd consecutive monthly increase

Growth driven predominantly by the sub-£2 million market

Strongest growth was 15.7% in Marylebone and City & Fringe

More owners are considering selling before general election countdown begins in the autumn

Annual price growth in prime central London was 7.5% for the third consecutive month in April, a figure that has changed little over the last year.

Meanwhile, the number of consecutive monthly price rises reached 42.

With a general election scheduled for 7th of May next year, such consistency is unlikely to be repeated over the next 12 months.

Uncertainty is likely to intensify as the prospect of an election comes into sharper focus after the summer.

Activity typically slows in the run-up to a general election and this is likely to dampen price growth in prime central London.

Tax changes over recent years, which have been implemented or which are due for introduction – appear to have been priced in to some extent. However the prolonged period of consistent growth suggests the market is waiting for clarity from the political parties on their policies and their likely impact in central London.

Ahead of a rise in political campaigning in the autumn, more owners have started to explore a sale which, alongside the usual post-Easter seasonal rise, means more stock is likely to come to the market over the next few months.

Annual growth across prime central London of 7.5% compares to 11.4% two years ago and is largely being driven by the strength of the sub-£2 million market, where prices have risen about 13%. That compares to 6.3% for homes worth between £2 million and £5 million as growth slows in the higher price brackets where increases were stronger in the immediate aftermath of the financial crisis.

The Marylebone and City & Fringe districts registered the joint highest annual growth of 15.7% as buyers sought better value to the north of Hyde Park and further east (see figure 3 on page 2). Monthly growth across prime central London was 0.8% in April, the highest rate since March 2013.



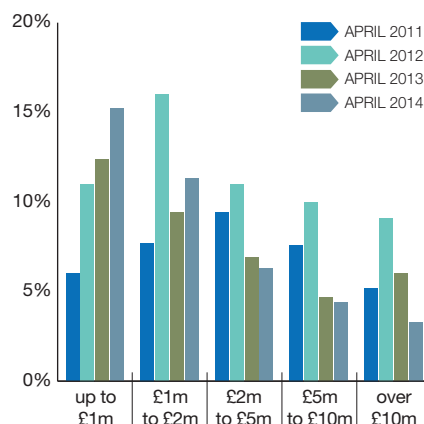
**TOM BILL**  
Associate, Residential Research

“Ahead of a rise in political campaigning after the summer, more owners have started to explore a sale.”

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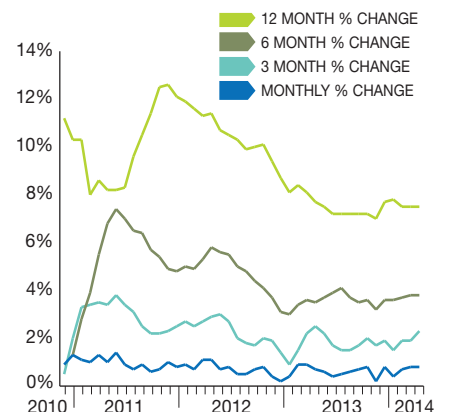
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FIGURE 1  
**Annual growth by price bracket in prime central London**



Source: Knight Frank Residential Research

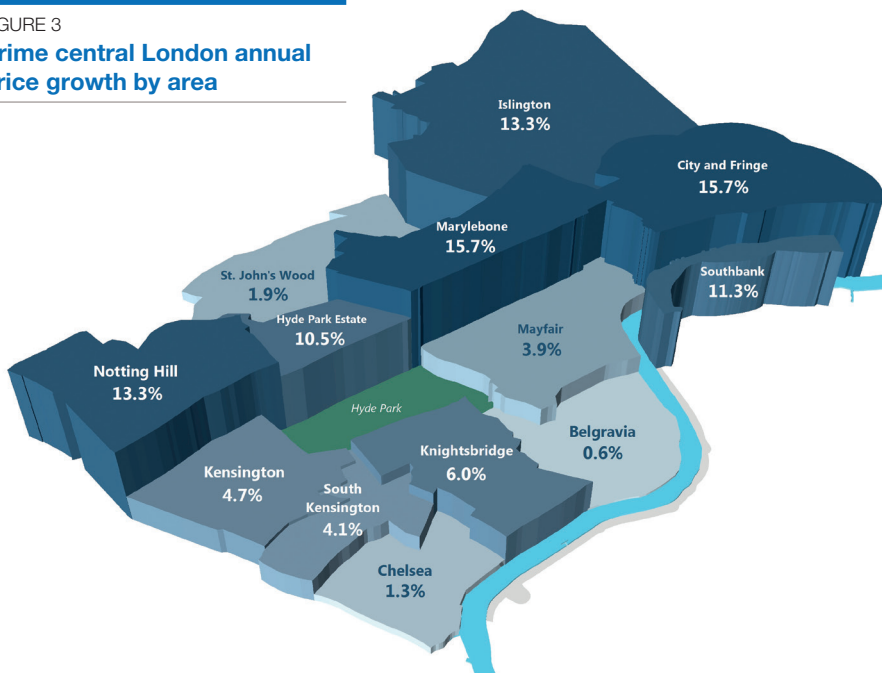
FIGURE 2  
**42 months of growth in prime central London**



Source: Knight Frank Residential Research

# PRIME CENTRAL LONDON SALES INDEX

FIGURE 3  
Prime central London annual price growth by area



## 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

Rank	KF Prime Central London Index	12-month % change	6-month % change	3-month % change	Monthly % change
Apr-13	5,748.6	7.7%	3.5%	2.5%	0.7%
May-13	5,781.3	7.5%	3.7%	2.2%	0.6%
Jun-13	5,807.1	7.2%	3.9%	1.7%	0.4%
Jul-13	5,836.2	7.2%	4.1%	1.5%	0.5%
Aug-13	5,868.4	7.2%	3.7%	1.5%	0.6%
Sep-13	5,908.3	7.2%	3.5%	1.7%	0.7%
Oct-13	5,955.5	7.2%	3.6%	2.0%	0.8%
Nov-13	5,969.0	7.0%	3.2%	1.7%	0.2%
Dec-13	6,017.9	7.7%	3.6%	1.9%	0.8%
Jan-14	6,043.6	7.8%	3.6%	1.5%	0.4%
Feb-14	6,083.4	7.5%	3.7%	1.9%	0.7%
Mar-14	6,135.1	7.5%	3.8%	1.9%	0.8%
Apr-14	6,182.4	7.5%	3.8%	2.3%	0.8%

Source: Knight Frank Residential Research



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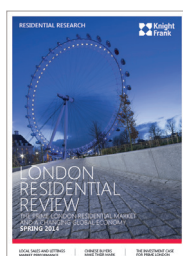
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