Knight Frank

News Release

Date: 2nd September 2010

Prime London residential price decline continues but at a slower rate

Knight Frank Prime Central London Index, August 2010 results

- Prime London residential prices continue to decline, but at a slower rate
- Prices of luxury property in central London fell by 0.1% in August, a decline which followed the 0.5% fall in July.
- The recent price falls mean that the annual rate of price growth - which hit 21% in April this year, has softened to 16% in August.
- Price declines are marginal across all price ranges, however the biggest drops are being seen in the £1m to £2.5m sector.

Liam Bailey, Knight Frank's head of residential research commented, "There has been widespread speculation for a number of months that the prime London market would begin to turn a corner – after a very strong period since last March.

"Our index results confirm that the market has weakened in terms of prices – with a further decline of 0.1% in August, added to the 0.5% fall in July.

"To me one of the main reasons for the softening in prices relates to the fact that demand and supply have become more closely aligned in recent months, with supply of stock for sale rising 22% over the past four months and new applicant volumes falling back marginally by 8% over the same period.

"Another critical issue to the health of the London market is the strength of the overseas marketplace, which has been weakened slightly by Sterling's rise against the Euro and the US Dollar (by 8% and 6% respectively over the last three months).

"The key question from this point is where the market is heading in the remainder of 2010. The next four weeks will be all important, as the autumn market really begins to gear up. Early signs are promising with a number of vendors beginning to look at asking prices – which have become in many instances overinflated.

"The London economy is outperforming the UK average by some margin, with strong employment data from Morgan McKinley showing vacancies in the City and Canary Wharf markets up by 71% year-on-year in July, suggesting that fears of a significant correction in central London values are overdone. "

For further information, please contact:

Liam Bailey, head of residential research, Knight Frank, 020 7861 5133, liam.bailey@knightfrank.com
Daisy Ziegler, PR manager, Knight Frank, 020 7861 1031, daisy.ziegler@knightfrank.com

Ends

Notes to Editors
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 207 offices, in 43 countries, across six continents. More than 6,340 professionals handle in excess of US$886 billion (£594 billion) worth of commercial, agricultural and residential real estate 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.

No: 10pr506