



# News Release

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## London's luxury property price revival gathers steam

### Prime Central London Index, December 2010 results

#### Headlines

- The reversal of price falls, which began in November last year, continued through December, with a rise of 1.3% recorded over the month.
- This most recent price rise means that prices ended the year higher by 10.3% compared to December 2009.
- The strongest markets have been Kensington, Knightsbridge and St John's Wood, which all saw more than 3% price growth in the final three months of 2010.
- The price band with the strongest performance has been the £1m to £5m bracket – with 2.4% growth on average over the past three months.
- Prices at the end of December were 26% higher than the market low reached in March 2009. Despite this rise, prices are still 4.4% below their March 2008 peak level.

**Liam Bailey, head of residential research at Knight Frank comments:** "The central London residential market continues to outpace the weakening UK market. Prices, which were falling in the middle of the year, appear to have turned a corner and have now risen noticeably for two consecutive months.

"The drivers for this strength in performance are, firstly, strong demand (buyer registrations in the final three months of 2010 were 18% higher than the same period in 2009) set against weak supply: the volume of available properties was only 5% higher in December than in December 2009.

"This strong demand has been underpinned by the ongoing weak pound – still delivering effective discounts of 25% for dollar-based buyers, when compared to London property pricing at the peak of the market in 2008.



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“Added to this, the Eurozone crisis has driven new demand from European buyers, looking for the perceived “safe-haven” investment in the central London property market – with European purchaser registrations rising 25% in the final three months of last year on a year-on-year basis.

“In short, the central London market is continuing to buck the wider UK trend of weaker sales volumes and prices. The ability for this trend to continue depends very much on the unique factors in London continuing to play out in favour of the marketplace.”

## KF Prime Central London Index

	KF Prime Central London Sales Index	12 month % change	6 month % change	3 month % change	monthly % change
Dec-09	4,154.6	6.1%	9.6%	5.5%	2.15%
Jan-10	4,201.2	11.5%	9.2%	4.5%	1.12%
Feb-10	4,334.8	16.7%	11.5%	6.6%	3.18%
Mar-10	4,367.0	19.6%	10.9%	5.1%	0.74%
Apr-10	4,425.7	20.7%	10.1%	5.3%	1.34%
May-10	4,487.7	20.4%	10.3%	3.5%	1.40%
Jun-10	4,526.4	19.5%	9.0%	3.7%	0.86%
Jul-10	4,506.0	17.1%	7.3%	1.8%	-0.45%
Aug-10	4,503.9	15.9%	3.9%	0.4%	-0.05%
Sep-10	4,496.1	14.2%	3.0%	-0.7%	-0.17%
Oct-10	4,485.7	11.6%	1.4%	-0.4%	-0.23%
Nov-10	4,524.3	11.2%	0.8%	0.5%	0.86%
Dec-10	4,583.9	10.3%	1.3%	2.0%	1.32%

Source: Knight Frank Residential Research

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### Notes to Editors

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