



News Release

Date: Monday 1st March 2010

Peak residential prices being achieved in London again

Knight Frank Prime Central London Residential Index - February 2010 results

Headlines:

- **Prices in central London rose 3.2% in February, the strongest rate of growth in a single month since August 2007**
- **Prices have now risen by 19% in the last 10 months, and are now only 10% below the market peak in March 2008**
- **In an increasing number of cases, larger houses in the £5m+ bracket are now achieving prices at or above those achieved at the previous March 2008 peak**

Liam Bailey, head of residential research, Knight Frank, commented: "The market recovery in London was kick-started in March last year by low interest rates and the weak pound which drew foreign buyers to the capital. There was a definite feeling that price falls in the year to March 2009, at 24%, had created good value in London and buyers began to bid prices higher. Foreign demand has led the market, with 45% of £2m+ purchases going to non-UK buyers over the past 12 months.

"The continuation of the growth in prices and the recent increase in the speed of such growth has been caused by a dramatic shortage of supply, with 22% fewer properties available for sale at the current time compared to normal for the time of year. At the same time demand has remained very strong with a significant influx of foreign purchasers meaning that purchaser applicant registrations is 30% higher right now than in any comparable period for the last five years.

"At the very top of the market we have begun to see increasing examples of properties hitting or exceeding peak prices again - the £5m-£10m sector is most effected by this new phenomena especially in Mayfair, Kensington, Holland Park and Knightsbridge where supply of excellent properties is very thin and buyers are increasingly willing to pay figures above guide prices to secure the right house."



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"New-build properties along the river and into Canary Wharf have been attracting sales from Asian investors - with Hong Kong buyers being joined by Singaporean, Malaysian and Thailand buyers - demand from Asian investor buyers has risen 120% since this time a year ago.

"The impact of rising prices and strong demand is having the effect of drawing niche developers back into locations like Chelsea, Mayfair and Belgravia, after an absence of nearly 18 months. There was a 43% uplift in construction starts in Kensington & Chelsea between July and December last year (from 557 to 799 new homes)."

Knight Frank Prime Central London Index results – February 2010

| | KF Prime Central London Index | 12 month % change | 6 month % change | 3 month % change | monthly % change |
|--------|-------------------------------|-------------------|------------------|------------------|------------------|
| Feb-08 | 4,792.4 | 23.8% | 4.4% | 2.8% | 0.6% |
| Mar-08 | 4,796.6 | 20.4% | 3.3% | 1.8% | 0.1% |
| Apr-08 | 4,739.7 | 15.8% | 1.8% | -0.5% | -1.2% |
| May-08 | 4,660.2 | 11.2% | -0.1% | -2.8% | -1.7% |
| Jun-08 | 4,577.3 | 5.8% | -2.8% | -4.6% | -1.8% |
| Jul-08 | 4,491.4 | -0.1% | -5.7% | -5.2% | -1.9% |
| Aug-08 | 4,414.5 | -3.8% | -7.9% | -5.3% | -1.7% |
| Sep-08 | 4,321.3 | -7.0% | -9.9% | -5.6% | -2.1% |
| Oct-08 | 4,152.6 | -10.8% | -12.4% | -7.5% | -3.9% |
| Nov-08 | 4,003.2 | -14.1% | -14.1% | -9.3% | -3.6% |
| Dec-08 | 3,914.6 | -16.9% | -14.5% | -9.4% | -2.2% |
| Jan-09 | 3,769.5 | -20.9% | -16.1% | -9.2% | -3.7% |
| Feb-09 | 3,713.3 | -22.52% | -15.9% | -7.2% | -1.5% |
| Mar-09 | 3,652.2 | -23.86% | -15.5% | -6.7% | -1.6% |
| Apr-09 | 3,666.3 | -22.65% | -11.7% | -2.7% | 0.4% |
| May-09 | 3,725.9 | -20.05% | -6.9% | 0.3% | 1.6% |
| Jun-09 | 3,789.0 | -17.22% | -3.2% | 3.7% | 1.7% |
| Jul-09 | 3,846.5 | -14.36% | 2.0% | 4.9% | 1.5% |
| Aug-09 | 3,886.3 | -11.96% | 4.7% | 4.3% | 1.0% |
| Sep-09 | 3,937.7 | -8.88% | 7.8% | 3.9% | 1.3% |
| Oct-09 | 4,020.0 | -3.19% | 9.6% | 4.5% | 2.1% |
| Nov-09 | 4,067.2 | 1.60% | 9.2% | 4.7% | 1.2% |
| Dec-09 | 4,154.6 | 6.13% | 9.6% | 5.5% | 2.1% |
| Jan-10 | 4,201.2 | 11.45% | 9.2% | 4.5% | 1.1% |
| Feb-10 | 4,334.8 | 16.74% | 11.5% | 6.6% | 3.2% |

Source: Knight Frank Residential Research



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Notes to Editors

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Knight Frank area definitions

Prime central London is taken to include: Mayfair, St John's Wood, Regent's Park, Kensington, Notting Hill, Chelsea, Knightsbridge, Belgravia and the South Bank (from Westminster Bridge to Tower Bridge/Shad Thames)

Prime London is taken to include all the above plus: Canary Wharf, Hampstead, Richmond, Wandsworth, Wapping and Wimbledon.

No: 10pr087