



# News Release

Date: 2 August 2010

## Prime London prices begin to fall back after a 15 month surge

### Knight Frank Prime Central London Index, July 2010 results

- Prices for prime London property fell in July by 0.5%, the first monthly decline since March 2009.
- Despite this month's reversal, prices are still 23.4% higher than they were at their lowest point last March.
- However, prices are now 6.1% below their March 2008 peak.
- Price falls have affected all parts of the capital – with the exception of Mayfair, which posted 0.2% growth.
- The main problem facing vendors in the capital is over-ambitious pricing on stock – which in some cases means that asking prices are between 5% and 10% higher than buyer expectations.

**Liam Bailey, Knight Frank's head of residential research commented:** "The slowdown in the London market has been anticipated for several months, the bounce in pricing on the back of low interest rates and weak Sterling had driven prices close to peak levels, and in some cases above these levels.

"The market experienced a severe lack of houses for sale during late 2009 and early 2010, which helped to push prices higher. Since May demand has fallen back by 8% – anecdotally price rises have begun to encourage potential buyers to think about renting again – and supply has also risen (by 7%) as vendors look to take advantage of higher prices.

"A key indicator of the health of the market is the ratio of asking-to-achieved prices, which hit 97% in May and which is now 95%. Most agents across the capital believe that asking prices are between 5% and 10% higher than where the actual market is at the current time.



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“This month’s price fall is only one piece of evidence, but allied to the decline in asking-to-achieved prices we believe that our forecast for around 5% price growth in central London for the whole of 2010 will be borne out, which suggests that prices will fall by around 3.2% during the final five months of the year.

“The healthiest parts of the market are the entry level end and the very top end – with prices only slipping by 0.2% in the sub-£1m and the £10m+ markets. The weakest markets are the mid range £3m to £5m sectors, which had seen the biggest price rises over the past 15 months.”

	KF Prime Central London Index	12 month % change	6 month % change	three monthly % change	monthly % change
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	-22.5%	-15.9%	-7.2%	-1.5%
Mar-09	3,652.2	-23.9%	-15.5%	-6.7%	-1.6%
Apr-09	3,666.3	-22.6%	-11.7%	-2.7%	0.4%
May-09	3,725.9	-20.0%	-6.9%	0.3%	1.6%
Jun-09	3,789.0	-17.2%	-3.2%	3.7%	1.7%
Jul-09	3,846.5	-14.4%	2.0%	4.9%	1.5%
Aug-09	3,886.3	-12.0%	4.7%	4.3%	1.0%
Sep-09	3,937.7	-8.9%	7.8%	3.9%	1.3%
Oct-09	4,020.0	-3.2%	9.6%	4.5%	2.1%
Nov-09	4,067.2	1.6%	9.2%	4.7%	1.2%
Dec-09	4,154.6	6.1%	9.6%	5.5%	2.1%
Jan-10	4,201.2	11.5%	9.2%	4.5%	1.1%
Feb-10	4,334.8	16.7%	11.5%	6.6%	3.2%
Mar-10	4,367.0	19.6%	10.9%	5.1%	0.7%
Apr-10	4,425.7	20.7%	10.1%	5.3%	1.3%
May-10	4,487.7	20.4%	10.3%	3.5%	1.4%
Jun-10	4,526.4	19.5%	9.0%	3.7%	0.9%
Jul-10	4,506.0	17.1%	7.3%	1.8%	-0.5%

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**Notes to Editors**

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**Knight Frank area definitions**

Prime central London is taken to include: Mayfair, Hyde Park, Marylebone, 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

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