



News Release

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Prime London price falls slow, as Russians return to the market

Key highlights:

- Price falls in prime central London continue, but at a slower rate
- Prices for the most expensive properties in central London fell by 1.5% in February, the slowest rate of decline since April 2008
- The peak to trough price fall for prime London (from March 2008 to date) is now -22.6%
- Activity levels are beginning to rise, albeit from a low base, with viewings up 28% in February on a year on year basis
- After an absence of six months, Russian buyers are back in the market, with viewing levels from these buyers almost 100% higher in January and February when compared to the final two months of 2008

Liam Bailey, head of residential research, Knight Frank, commented:

"After a period of sustained price falls in the central London market, it is rather early to suggest that we are seeing the beginning of a recovery. However with bad news seemingly all pervasive even a slowing in the rate of price falls can be viewed positively. The 1.5% decline in February comes after a period when monthly price falls hit almost 4% each month.

"There is some further evidence that the situation in the London market - whilst not completely turning a corner - is at least seeing higher activity. The evidence is that with prices down by nearly 23% since last year's peak, purchasers are coming back into the market. Viewings were 28% higher on a year on year basis in February. Although new purchaser registrations were static over the same period.

"The story seems to be that those buyers who are in the marketplace are serious about doing a deal at the new lower prices being offered. For those buying with Euro or US\$ denominated wealth the picture is even more compelling - and since January the most noticeable beneficiary has been the Russian buyer (many wealthy Russians hold savings and investments in a mix of Euro and US\$).



"The tentative return of the super-rich buyer has led to the log jam in the super-prime (£10m+) market being broken - between September and January the number of £10m+ deals in central London virtually ground to a halt - in February alone we saw one sale at this level each week - a significant turnaround."

Elena Norton, head of the Russia and CIS desk, Knight Frank, commented:

"Between September 2008 and January 2009, the main Russian buyers had left the London market. They were looking after business interests back home and those who were active in the property market were looking into purchases in France and the Alps.

"Since mid January they have been back in London with a vengeance - the levels of viewings I undertook in January and February being almost 100% higher compared to the level in the final two months of 2008.

"The classic locations of Belgravia and Knightsbridge are still very popular, however Kensington has been an especially prominent area for recent viewings. These buyers want an established prime location with a period ambience, but they also want their property to be modern, with portorage, underground parking and facilities like swimming pools. With developments like Academy Gardens, Wycombe Square and Thornwood Gardens, Kensington ticks all the right boxes for the Russian buyer."

	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	-22.5%	-15.9%	-7.2%	-1.5%



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Notes to Editors

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Knight Frank area definitions

Prime central London is taken to include: Mayfair, 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, Fulham, Richmond, Wandsworth, Wapping and Wimbledon.