



News Release

Date: 31 March 2010

London prices boom, 20% growth in 12 months

Knight Frank Prime Central London Residential Index - March 2010 results

Headlines:

- **Prices for prime central London prices rose by 20% in the 12 months to the end of March 2010**
- **Prices are now rising at their fastest rate since March 2008**
- **Growth has been led by the lower to mid end of the central London market, with 24% growth for the sub-£2.5m sector**
- **Prices are now only 9% lower than the March 2008 market peak**

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

“The central London market has enjoyed boom-like conditions in recent months, at least in terms of prices, which rose by 20% in the 12 months to the end of March 2010.

“This growth has not been evenly spread, and it has been the low to mid end of the market, especially sub-£2.5m, which has seen the strongest growth (c23%). The more expensive price brackets have lagged (c17% for the £5m+ sector), reflecting the fact that the recovery in pricing started later in this part of the market.

“The rate of price growth in March, at 0.7%, represents the slowest monthly rate of growth since last April, and suggests that price growth is beginning to slow on the back of higher supply and slightly weaker demand in the market.

“The balance between purchasers and vendors, has become more even in recent months. In the final quarter of 2009 our local offices recorded 10 new buyer registrations for every new sales instruction – well above the long run trend of 5.5. By March this ratio had dropped back to 7 as more vendors began to bring properties forward for sale on the back of rising prices, and also as buyers began to delay activity in the run up to the budget and the election.



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Global position

“The rapid growth in London’s pricing, reflects not only the stimulus given to the market from low interest rates and the weak pound – which have driven domestic and international demand – but also to very thin supply over the year, set against very healthy interest from buyers.

“However we can not overlook the importance of international buyers to the market – we reported in the recently released Knight Frank Wealth Report, that a record 49 nationalities bought residential property in central London in 2009.

“Despite the result of our World Cities Survey, that London’s position as the leading global city had been ceded to New York, London prime residential market is still underpinned to a considerable degree by international demand – which appears to be rising not declining at the current time.”

Knight Frank Prime Central London Index results – March 2010

	Knight Frank Prime Central London Index	12 month % change	6 month % change	3 month % change	monthly % change
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%
Mar-10	4,367.0	19.57%	10.9%	5.1%	0.7%

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.

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