



News Release

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Prime London prices rise 33% since March 2009, but currency fluctuations still provide foreign buyers “bargain prices”

Knight Frank Prime Central London Index, May 2011 results

- Prices for prime London property rose 1.4% in May 2011, contributing to annual growth of 8.3%
- Prices have risen 33% since their recent post-credit crunch low in March 2009
- Prices are now 1.3% higher than their previous peak in March 2008
- Foreign demand remains a key driver of price growth, favourable exchange rates mean overseas buyers are benefitting from significant discounts (17% for US Dollar buyers and 16% for Euro buyers) on 2007 pre-crash prices

Liam Bailey, head of Knight Frank Residential Research, comments: “Price growth in the prime central London market shows little sign of slowing at the current time. Aside from a brief stumble last autumn, prices have been rising strongly since April 2009.

“While prices have now risen by a third from their low point in March 2009, foreign buyers are still buying at a discount when they factor in currency movements.

“Despite a slight strengthening in Sterling since early 2009, and the recent strong growth in prices, the typical buyer purchasing a home using Euros will find that prime London property is 16% cheaper than in September 2007 when the financial crisis started. Buyers using US dollars or a currency pegged to the greenback will benefit from a 17% discount over the same period.

“While Asian buyers account for the majority of sales of new-build properties in the capital (60% of zone 1 new-build sales in the 6 months to April 2011), European buyers are among those at the forefront of the market for existing homes. In terms of non-UK buyers French buyers account for 6% of the market, Italians 4.5%, Greeks 3.1% and Swiss 2.5%.”



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Table 1: Knight Frank Prime Central London Index

	KF Prime Central London Index	12 month % change	6 month % change	three monthly % change	monthly % change
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%
Aug-10	4,503.9	15.9%	3.9%	0.4%	0.0%
Sep-10	4,496.1	14.2%	3.0%	-0.7%	-0.2%
Oct-10	4,485.7	11.6%	1.4%	-0.4%	-0.2%
Nov-10	4,524.3	11.2%	0.8%	0.5%	0.9%
Dec-10	4,583.9	10.3%	1.3%	2.0%	1.3%
Jan-11	4,633.7	10.3%	2.8%	3.3%	1.1%
Feb-11	4,679.7	8.0%	3.9%	3.4%	1.0%
Mar-11	4,742.5	8.6%	5.5%	3.5%	1.3%
Apr-11	4,790.8	8.2%	6.8%	3.4%	1.0%
May-11	4,856.9	8.2%	7.4%	3.8%	1.4%

Source: Knight Frank Residential Research

Table 2: Knight Frank Prime Central London Index, allowing for currency fluctuations, (100 = September 2007)

	GBP	EUR	USD
Sep-07	100.0	100.0	100.0
Oct-07	100.3	100.5	102.2
Nov-07	100.4	98.2	101.3
Dec-07	101.4	96.4	99.1
Jan-08	102.6	96.2	100.1
Feb-08	103.2	94.4	100.7
Mar-08	103.3	90.4	100.7
Apr-08	102.1	90.6	99.2
May-08	100.3	89.1	97.3
Jun-08	98.6	86.9	96.3
Jul-08	96.7	85.7	94.0
Aug-08	95.0	82.2	85.1
Sep-08	93.0	82.4	81.4



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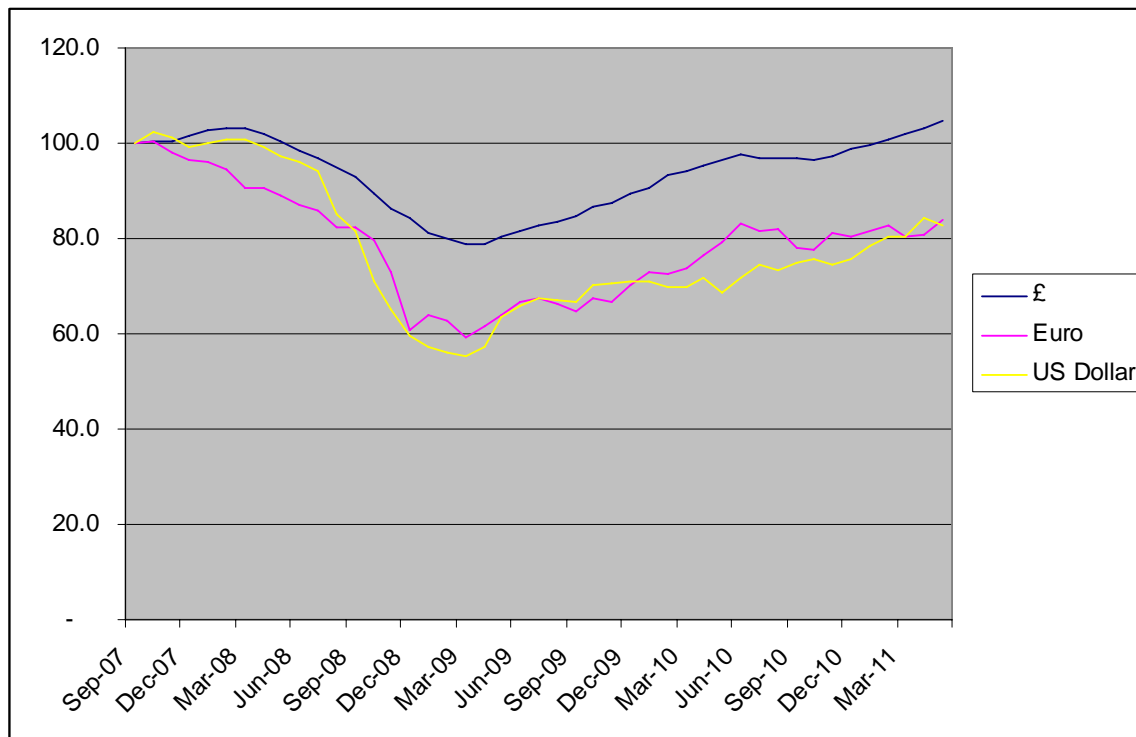
Oct-08	89.4	79.6	70.9
Nov-08	86.2	72.8	64.9
Dec-08	84.3	60.9	59.5
Jan-09	81.2	63.7	57.4
Feb-09	80.0	62.6	55.9
Mar-09	78.6	59.3	55.3
Apr-09	78.9	61.6	57.4
May-09	80.2	63.8	63.5
Jun-09	81.6	66.9	65.9
Jul-09	82.8	67.6	67.4
Aug-09	83.7	66.3	67.0
Sep-09	84.8	64.8	66.6
Oct-09	86.6	67.5	70.0
Nov-09	87.6	66.8	70.5
Dec-09	89.5	70.3	70.9
Jan-10	90.5	72.8	71.1
Feb-10	93.3	72.7	69.7
Mar-10	94.0	73.6	70.0
Apr-10	95.3	76.6	71.6
May-10	96.6	79.1	68.6
Jun-10	97.5	83.1	71.6
Jul-10	97.0	81.4	74.6
Aug-10	97.0	81.9	73.1
Sep-10	96.8	78.0	74.9
Oct-10	96.6	77.6	75.8
Nov-10	97.4	81.4	74.5
Dec-10	98.7	80.4	75.8
Jan-11	99.8	81.4	78.4
Feb-11	100.8	82.8	80.4
Mar-11	102.1	80.5	80.3
Apr-11	103.2	80.9	84.3
May-11	104.6	83.9	82.7

Source: Knight Frank Residential Research



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Figure 1: Knight Frank Prime Central London Index, allowing for currency fluctuations, (100 = September 2007)



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Notes to Editors

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