



News Release

Date: 6 November 2009

UK buyers drive prime London residential market price surge

Knight Frank Prime Central London Index, October 2009

Headlines

- **Prime house prices in central London rose 2.1% in October**
- **The annual rate of price change has improved to -3.2% (from -8.8% in September)**
- **Average prices are still 16% below their March 2008 peak**
- **Price growth in some areas has hit 13% since March this year**

Liam Bailey, head of residential research, Knight Frank, commented: "The central London housing market has experienced an extraordinary period in recent weeks. A shortage of property for sale (down 20% year-on-year), a weak pound which has encouraged overseas buyers (overseas prospective buyers have risen 45% year-on-year) and the return of bonuses to the City all contributed to pushing prices up by 2.1% in October, the fastest monthly rate of increase since July 2007.

"Prices are now 10% higher than they were at the low reached in March this year, although they are still 16% below peak levels (March 2008). However despite the revival of international buyer interest – the undoubted driver of strong price growth in recent months has been the return of the UK buyer, in particular those employed in the 'City'.

"UK buyers represented 67% of all £5m+ buyers in the three months to the end of October, compared with only 43% in the preceding three months."

Market sector performance

The market rise has been led by Chelsea, Kensington and Notting Hill – where prices have risen by nearly 6% in three months – almost £1,340 a day for a £2m property.

The strongest performing price bracket continues to be £1m-£2.5m – which has risen 5.3% in three months. The top price bracket (£10m+) has begun to see some life (with a 1.9% rise in price in October) after a slow recovery during the first nine months of 2009.



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While there was anecdotal evidence of rising stock volumes in September – this failed to materialise in October. The number of new properties being brought forward for sale in October was almost 60% below the level seen in October 2008 and 58% lower than September this year.

Record prices

In the last month, Knight Frank has handled four £10m plus sales to UK, Russian and Chinese buyers - three in Belgravia with asking prices of £16.25m, £17m and £32m and one in Knightsbridge with an asking price of £11.5m.

In Kensington, prices for individual properties in Academy Gardens have risen 25% since 2007. A two bedroom flat recently achieved £1832 per square foot having previously sold in June 2007 for £1400 per square foot.

| | KF Prime Central London Index | 12 month % change | 6 month % change | 3 month % change | monthly % change |
|--------|-------------------------------|-------------------|------------------|------------------|------------------|
| 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% |

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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