

APRIL 2019

The prime London sales indices are based on repeat valuations of second-hand stock and do not include new-built property, although units from completed developments are included over time.

PRIME CENTRAL LONDON

Prime central London index | **5,601.1**

Annual change | **-4.9%**

Quarterly change | **-0.9%**

Monthly change | **-0.1%**

PRIME OUTER LONDON

Prime outer London index | **268.3**

Annual change | **-4.5%**

Quarterly change | **-0.6%**

Monthly change | **0.0%**

Figure 1 Buyers continue to position themselves for life after Brexit. The number of offers made in PCL in the first three months of this year was the highest in more than ten years while the number of new buyers was the highest figure for Q1 since 2014. Accordingly, exchanges rose 6% between January and April versus last year, Knight Frank data shows.

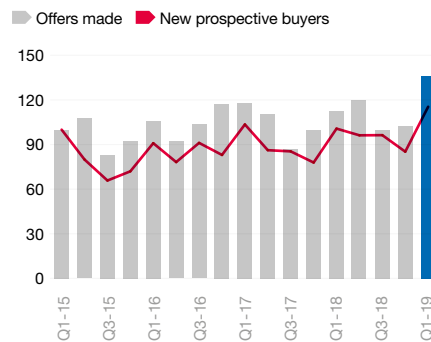
Figure 2 Price adjustments at the top-end of the market are having a discernible effect on trading activity. Combined with the discount available for non-sterling denominated buyers, the result is that the number of deals in London above £20 million last year was the highest in four years.

Figure 3 Buyers and sellers are typically more discretionary in higher price brackets, which has led to greater pricing resilience in recent months. The greater impact of a weaker sterling in higher price brackets has also underpinned demand.

Figure 4 The current downturn is comparatively shallow versus previous slowdowns. Individual markets will vary but an average decline of 12.9% in PCL is lower than a figure of -22.3% during the global financial crisis and the 10.6% decline witnessed during the UK recession of the late 1980s and early 1990s in PCL.

FIGURE 1

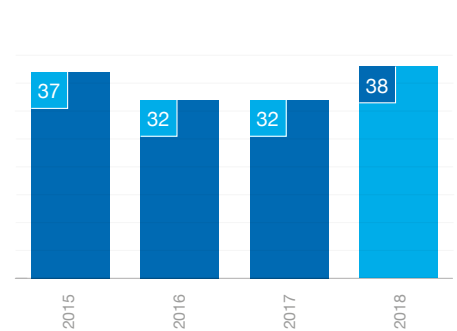
Highest number of offers in PCL in more than 10 years Rebased to 100



Source: Knight Frank Research

FIGURE 2

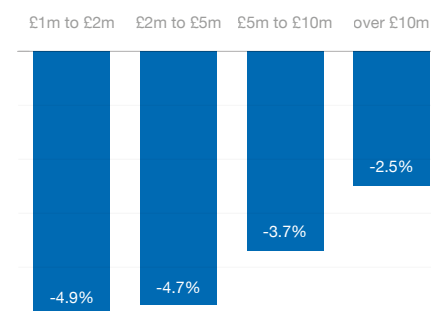
The strongest £20m-plus market in five years
Annual number of £20m-plus sales



Source: Knight Frank Research

FIGURE 3

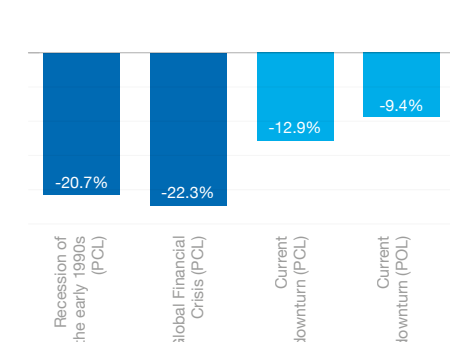
Prices more resilient in higher price bands
Annual growth, year to April 2019, PCL



Source: Knight Frank Research

FIGURE 4

A relatively shallow slowdown
Peak to trough price declines during recent downturns



Source: Knight Frank Research

ECONOMIC DATA

Figure 5 The economic backdrop has become more benign since the Federal Reserve adopted a more dovish interest rate policy in January. US bond yields have fallen, highlighting how there is less upwards pressure on interest rates around the world, which will have a positive impact on the liquidity of the UK mortgage market.

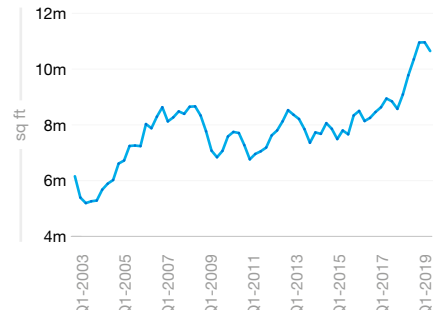
Figure 6 The London economy continues to prove resilient despite the political backdrop of Brexit. In addition to record levels of employment and strong office take-up, the pipeline of companies looking for office space in central London has grown notably over the last 12 months.

FIGURE 5
Economic backdrop gets more benign
US 10-year treasury yields



Source: Knight Frank Research

FIGURE 6
The resilience of the London economy
Central London office requirements, rolling annual total



Source: Knight Frank Research

FIGURE 7
PRIME CENTRAL LONDON Price growth by price band, time period and property type

	up to £1m	£1m to £2m	£2m to £5m	£5m to £10m	over £10m	Flat	House
1 month	-0.3%	-0.1%	0.0%	-0.1%	-0.2%	-0.1%	-0.2%
3 months	-1.6%	-0.8%	-0.6%	-0.9%	-0.6%	-0.9%	-0.9%
6 months	-3.3%	-2.4%	-2.1%	-1.6%	-1.9%	-2.6%	-2.0%
1 year	-6.6%	-4.9%	-4.7%	-3.7%	-2.5%	-5.6%	-3.4%
YTD	-2.1%	-1.2%	-1.1%	-1.2%	-1.3%	-1.5%	-1.3%

FIGURE 8
PRIME OUTER LONDON Price growth by price band, time period and property type

	up to £1m	£1m - £2m	£2m - £3m	£3m - £4m	£4m - £5m	over £5m	Flat	House
1 month	0.0%	0.0%	0.2%	-0.2%	-0.4%	0.3%	-0.1%	0.1%
3 months	-0.8%	-0.7%	-0.4%	-0.6%	-0.4%	0.2%	-0.9%	-0.4%
6 months	-2.4%	-2.2%	-2.8%	-1.4%	-3.3%	-0.2%	-2.6%	-1.9%
1 year	-4.4%	-4.5%	-5.7%	-4.4%	-6.7%	-1.7%	-5.4%	-3.8%
YTD	-1.1%	-1.0%	-0.8%	-0.8%	-1.7%	0.0%	-1.3%	-0.6%

DATA DIGEST

The Knight Frank Prime Central London Index, established in 1976, is the longest running and most comprehensive index covering the prime central London residential marketplace. The index is based on a repeat valuation methodology that tracks capital values of prime central London residential property.

Prime central London is defined in the index as covering: Aldgate & the City, Belgravia, Chelsea, Hyde Park, Islington, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Riverside, South Kensington, St John's Wood, Tower Bridge and Victoria.

Prime Outer London comprises Barnes, Battersea, Belsize Park, Canary Wharf, Chiswick, Clapham, Dulwich, Fulham, Hampstead, Queen's Park, Richmond, Wandsworth, Wapping and Wimbledon.

RESIDENTIAL RESEARCH



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If you are looking to buy or sell or would just like some property advice, we would love to hear from you.



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