



DECEMBER 2018

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 | **5,680.9**

Annual change | **-4.4%**

Quarterly change | **-1.7%**

Monthly change | **-0.5%**

PRIME OUTER LONDON

Prime outer London index | **270.9**

Annual change | **-4.8%**

Quarterly change | **-1.8%**

Monthly change | **-0.6%**

Figure 1 New demand for prime central London property continues to rise in relation to new supply. The number of new prospective buyers per new listing has risen in the second half of this year, which may put upwards pressure on pricing once the current political uncertainty recedes.

Figure 2 Although sales volumes have declined over the course of 2018, the number of new prospective buyers has risen in recent months and was 8% higher in November compared to January 2017. This divergence suggests pent-up demand is forming.

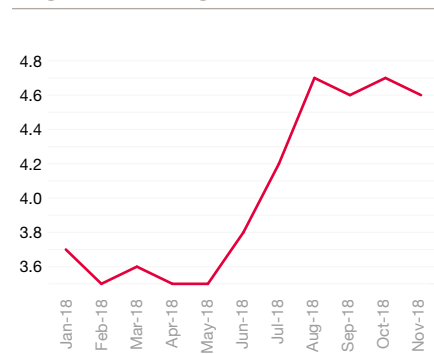
Figure 3 As asking prices increasingly reflect higher transaction costs, prospective buyers are submitting offers in greater numbers. In November this year, the number of offers made per office exceeded the figure recorded in the same month four years ago, ahead of a hike to stamp duty for £1million-plus properties.

Figure 4 Asking prices for £20 million-plus properties in prime central London adjusted more quickly to higher transaction costs. Combined with the recent weakness of sterling, this has driven rising activity in the £20 million-plus London market in the second half of this year.

FIGURE 1

Demand rises in relation to supply in PCL

Ratio of new prospective buyers/new sales listings, rolling three-month average

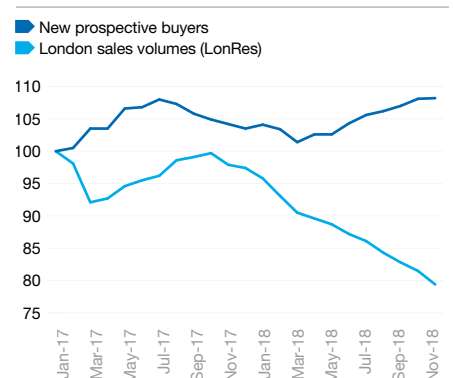


Source: Knight Frank Research

FIGURE 2

Pent-up demand forms across PCL and POL

Rolling 12-month average, rebased to 100 at Jan 2017

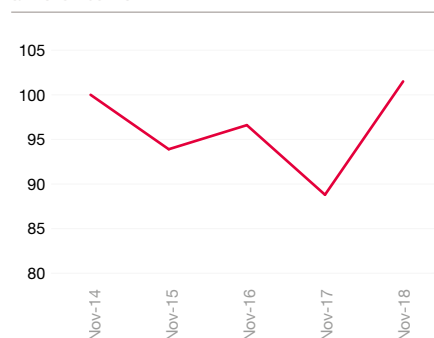


Source: Knight Frank Research / LonRes

FIGURE 3

Price adjustments lead to more offers

Number of offers made per office, rebased to 100 at November 2014

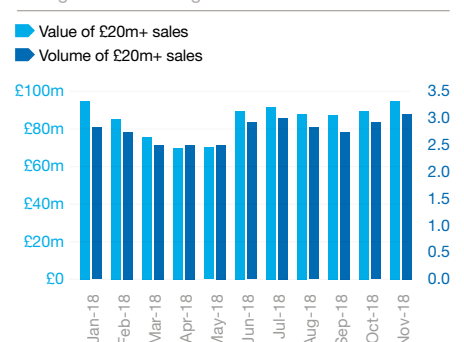


Source: Knight Frank Research

FIGURE 4

The £20 million-plus market strengthens in London

Rolling 12-month average



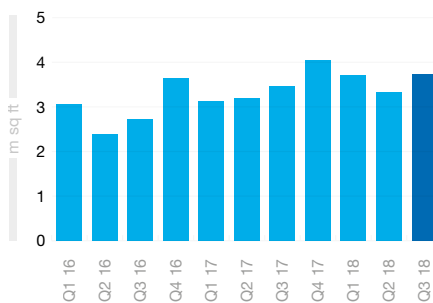
Source: Knight Frank Research

ECONOMIC DATA

Figure 5 Take-up of central London office space exceeded 3.7 million square feet in the third quarter of this year, the second highest figure since the middle of 2015, demonstrating the relative resilience of the London economy in the face of political uncertainty.

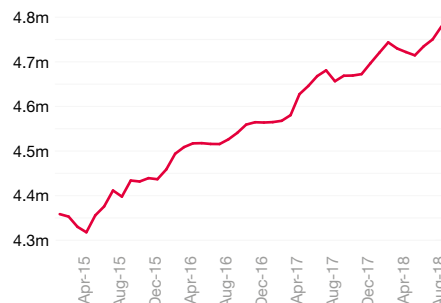
Figure 6 Employment figures for London paint a similarly resilient picture of the economy in the capital, which will underpin demand in prime sales and lettings markets. The number of people in employment in London reached a record figure of 4.8 million in August this year.

FIGURE 5
Central London office take-up rises
Quarterly office take-up since 2016



Source: Knight Frank Research

FIGURE 6
Employment hits a record rate in London
Number of people aged 16+ in employment in London



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	-0.7%	-0.7%	-0.2%	-0.2%	-0.5%	-0.6%	-0.3%
3 months	-2.0%	-1.6%	-2.0%	-1.0%	-0.7%	-1.9%	-1.2%
6 months	-3.8%	-3.0%	-3.3%	-1.9%	-1.1%	-3.5%	-1.8%
1 year	-5.2%	-4.6%	-4.7%	-3.0%	-2.0%	-5.2%	-2.5%
YTD	-5.2%	-4.6%	-4.7%	-3.0%	-2.0%	-5.2%	-2.5%

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	-0.5%	-0.6%	-0.8%	-0.3%	-1.6%	-0.2%	-0.6%	-0.6%
3 months	-1.6%	-1.7%	-3.1%	-1.1%	-2.5%	-0.6%	-2.0%	-1.6%
6 months	-2.7%	-2.9%	-4.6%	-2.0%	-5.0%	-1.3%	-3.3%	-2.6%
1 year	-4.4%	-5.0%	-6.0%	-5.3%	-6.8%	-3.5%	-5.6%	-4.4%
YTD	-4.4%	-5.0%	-6.0%	-5.3%	-6.8%	-3.5%	-5.6%	-4.4%

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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